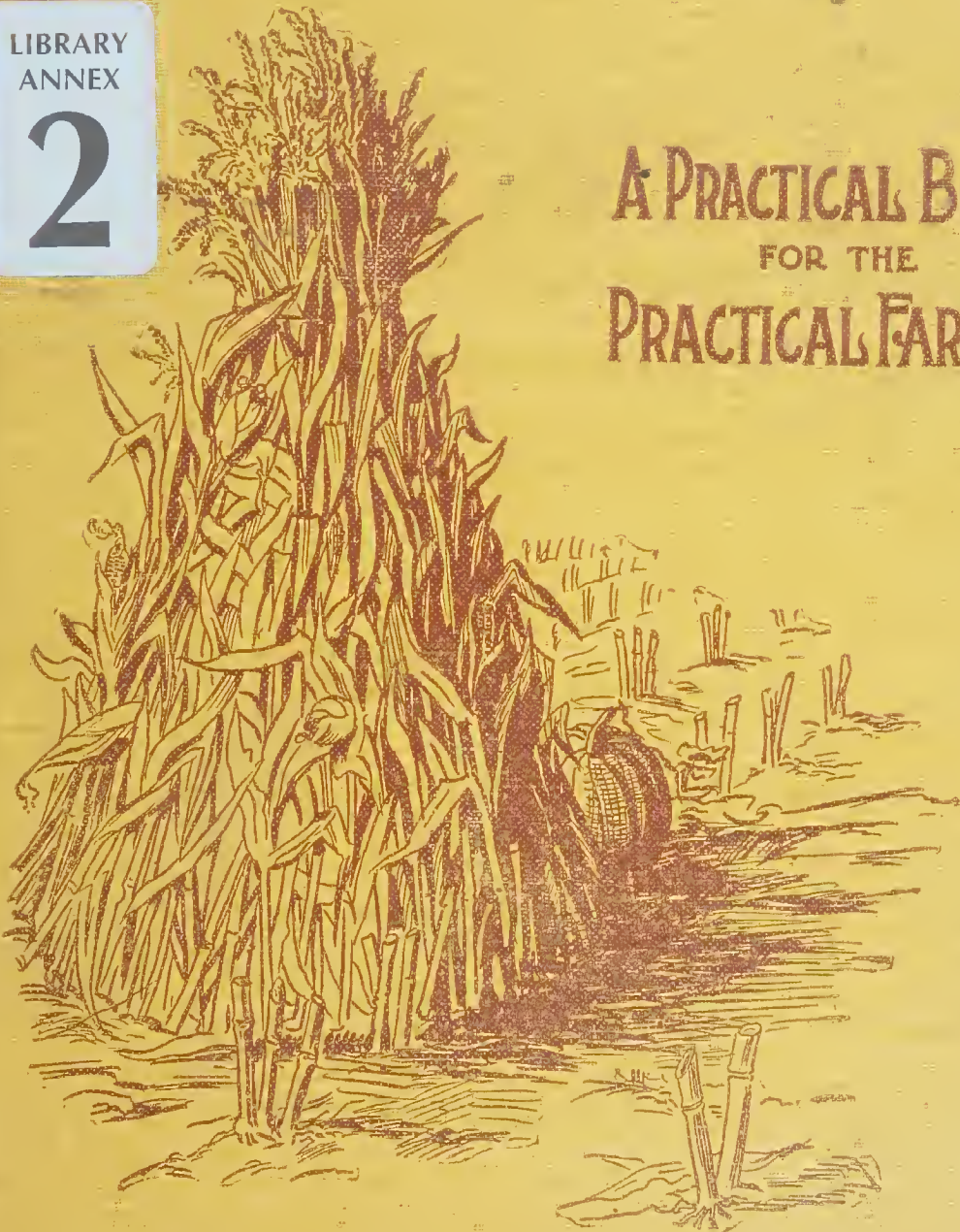


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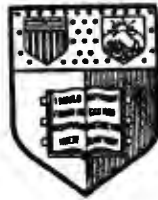
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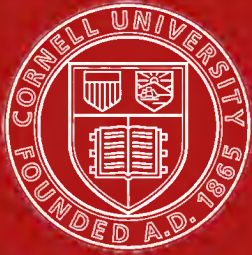
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How to Keep Farm Accounts

A practical book for the practical farmer
and a text book for use in
Agricultural
Schools,

—BY—

H. L. STEINER

“WELL, my friend, thou art now just entering the last month of another year. If thou art a Man of Business, and of prudent Care, belike thou wilt now settle thy Accounts, to satisfy thyself whether thou hast gained or lost in the Year past, and how much of either, the better to regulate thy future Industry or thy common Expenses.”

POOR RICHARD'S ALMANACK.

Toledo, Ohio
STEINER & CO.
Publishers
1908

Copyright 1908
By H. L. STEINER.

**This book is dedicated to the every-day
farmer---the “master wheel” of
prosperity**

PREFACE



A GREAT deal has been said about the need of a simple system of accounts for the Farmstead—something possible on the average farm every day of the year—one relieved of useless detail, and still show its earnings and expenses—it's owner's assets and liabilities. Taking the conditions which govern actual work on the farm into consideration, nothing specific has yet been published for the practical farmer, and it is for him this book is written. It is elementary because many have had no opportunity to study bookkeeping, therefore the man who knows nothing about it has been kept in sight from cover to cover.

The illustration given is introduced to show the application of the fundamental principles of accounting to the every-day routine of general farming. No special sets for stock, dairy or fruit farms is thought necessary because the principles of accounts are unchangeable and only vary in their application. All the farmer, dairyman, fruit-grower or stockman really needs is to fully understand the principles when no trouble will be experienced in arranging a system of accounts to suit his wants, which will vary to a certain extent on every farm and with each individual.

Bookkeeping is simply a matter of record and to do it correctly only requires that the principles of debit and credit be understood. It is necessary on many farms and useful on all. The question ought not to be, shall I keep some simple set of books, but what form is the most practical? If this book will help you, its object will have been fulfilled.

Preface to Second Edition



The instant appreciation of the first edition of this book upon its introduction to the Agricultural world in the fall of 1906, signified two things: First. There was a field—a need—for it. Second. That *How To Keep Farm Accounts* filled the need.

At first glance, the practical farmer may think that an account with his farm is beyond his time and patience, but many things must be explained in a book used for home-study and as a text for agricultural schools. The simple principles of accounts are not as difficult to understand as they would seem to appear at first sight, and neither is the actual keeping of accounts.

The best way to learn them is to begin an account with one's own farm, and we suggest that after reading to paragraph 47, that an inventory be taken of your live stock, products, and implements. Then make a statement of what you owe and is owing you, as explained in paragraphs 33 to 40. Following this, in a suitable book, which may be bought anywhere, make the opening entries as explained in paragraphs 41 to 47, and you are ready to take care of each transaction as it may occur.

To set yourself right, study the index when anything comes up which you do not fully understand.

If you will do this for a few weeks you will have no trouble, and any theory about which you may be in doubt will take care of itself in due time. Therefore, to learn how to keep accounts—begin to keep your own books. No transaction will come up that you can not master if you only think so.

Regarding the Cost of Production, remember this book is intended for practical use, therefore the matter relating to this subject under the head of Approximate Costs (Par. 225½) is particularly pertinent. Those who must be both “master and man” will find that chapter both practical and possible.

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Part One

“I would not impose on a busy farmer the keeping of an elaborate set of books, but some simple form of accounts will be a great aid in successful farming.”

James Wilson, Secretary of Agriculture.



FOREWORD



1. The farmer who works all day under a blazing sun, naturally looks upon the keeping of accounts from a different viewpoint than other men in business for themselves. For besides the long hours, rush-of-work and scarcity of help during the busy days from seedtime till harvest, he has the natural aversion to writing and detail common to all who do active physical labor. Therefore, it's not a matter of surprise when we think of the conditions under which the American farmer must labor, that, although he has over twenty billions of dollars invested in his business, he usually leaves the accounting of it for later consideration, with the result that a record is seldom, if ever, attempted of his farmstead's earnings and expenses.

Admitting the value of bookkeeping on the farm, the first question that comes to the mind of the practical farmer is: "What is the best way to keep my accounts?"

2. THE ESSENTIALS OF FARM ACCOUNTS.—In farm accounting there are two essentials which should always be kept in mind. These are accuracy and simplicity. That all bookkeeping must be accurate goes without saying, and that farm accounts should be simple and free from detail is apparent to any one at all familiar with actual every-day farm conditions.

3. THE BOOKS OF RECORD.—The uses of modern commerce demand that the books of record suit the business in which they are used. In the great mercantile and industrial organizations, it is often economy of time to have many books of record, but not so on the farm. Here, the less detail and fewer books of record the better, hence, the method described and illustrated in the following pages makes use of but one book.

It's a common saying that no two men keep their books alike. But the difference, if any, comes from the individual, his business and the details necessary to be shown. The matter that goes into the Farm Ledger will depend on the farmer himself. It will be much or little, as he may decide. However, let him beware lest his books begun in the flood tide of enthusiasm, when work is slack and evenings long, be not too full of unimportant detail. They are then almost sure to be neglected when busy days come later on. It is much better to begin a simple account and keep it accurately than to attempt too much. Think of your busiest days, not those in which you have the least to do.

As already stated, the books of record must suit the business. In the larger mercantile houses and industrial organizations there are many different styles of Ledgers, including bound, loose-leaf and card index, as may best suit the business, and all of them have their place in the economy of modern commercial life. But for the uses of most men on the farm, the bound book is best for two reasons: First—because lowest in price. Second—because it is universal.

No high priced books of record are necessary or desirable, and the card index and loose-leaf systems can't be found as yet in the smaller stationary stores, and although boomed by their makers in season and out, they have many disadvantages on the farm.

And so, for many reasons which cannot be explained in detail here, the bound book is preferable on ninety-nine farms out of every hundred.

An exception may be noted, however, as regards farms devoted to the breeding of pure bred stock. On these and large Dairy farms where it is desired to keep a record of individual performances, the card index or a loose-leaf system may suit the owner best, even if more costly to install.

4. THE COST OF PRODUCTION.—Notwithstanding the farmstead with its full complement of live-stock, implements and buildings can be likened to a "plant" of the manufacturer, and although the farm is a factory to all intents and purposes, it is questionable whether the practice of cost or departmental accounting is practical on the average farm. On this point there may be a difference of opinion, but on the average farm one who would attempt to keep an accurate account with either fields, crops or kinds of stock will have his hands so full during the busy season, that, nine times out of ten, the accounts would be neglected and thought too troublesome to continue. For this reason, most farmers should treat their accounts with the farm as a whole—rather than to open an account with each field, or their hogs, sheep, cattle, etc. It is true that accurate cost accounting is a necessity in the factory. The manufacturer must know what it costs to make and put his products on the market, but is it so all important to the farmer? In nearly every rotation there are certain crops necessary to keep up the farm fertility that can't be accurately set down in figures. The results from the farmstead as a whole, is eventually of the most importance. And the practical farmer, if he cares to know, can take his pencil and come as near as is necessary to figuring the cost of growing an acre of corn, or what his cattle or sheep net him. Therefore, don't draw the lines so fine in actual practice that your resolve to keep accounts will have died "a bornin'"; but remember, that the cost of production of farm products depends so much on the elements over which you have no control, and that the details are so many if you would have them accurate, that it is altogether best not to attempt it. It is true, you have seen every now and then in the agricultural press, articles regarding the cost of producing a pound of pork, beef or mutton, and what it costs to grow the different grains and grasses. Now, however useful the exact cost may be, the farmer or stockman who would attempt to keep such an account with each crop, and the different kinds of live-stock he would raise, will find it all but an im-

possible task. Manufacturers who deal only with inanimate material can easily keep exact cost accounts, but living and growing things possess an individuality which varies with the season, with the feeder, and depend on conditions which do not admit of hard and fast rules.

For practical purposes, a "Production" account showing the gross sales less the items which go to make up the general expense of the farmstead as shown by the Loss and Gain account in the illustration herein (Plates 90 and 91) will be all that is needed. Much more satisfaction and real benefit will be found in a simple set of accounts accurately kept, than to attempt one burdensome with detail, and then at the end of the year find it to be of no value whatever. Far better to keep an account with the farmstead as a whole than to begin the detail of departmental accounting. The one is perfectly reasonable, and requires but little time. The other impractical and impossible to all but the very, very few on the average farm. (Refer also to paragraph 225½, which deals with Approximate Costs.)

5. THE HOUSEHOLD ACCOUNTS.—Now, about the Household Accounts. Are there any reasons why they should be included in the farm ledger? Have you ever known a banker, merchant or manufacturer to include them in the books of his business? Couldn't he, with as much reason for so doing, include them in his books as you in yours? Some argue, that on the farm the household expenses are so closely related to the farmstead's earnings that they must be included. Very true as far as it goes, but they have no place in the farm ledger. Elaborate accounts have been shown in which the "Garden Account" was charged for all labor, seed and other expenses and credited with the different vegetables used from time to time at the market price. But do not do this, nor allow any more detail to creep into your books of record than will be of use to you. If you think about this a little you will not want to.

As for "Garden" or household accounts, remember that when you hire a man by the year for a certain sum you allow him in addition to the amount agreed on—pasture for cow and a garden or truck patch. You figure his labor worth the wages you pay him plus the pasture and use of the small plot of ground for his garden. And this is the best plan for yourself, too. The live-stock, implements and buildings are a part of the farmstead's equipment. These, together with the farm, enable you to produce a profit from your labor and management. And for this the farm owes you something each year. You may never have figured on this; but if you are going to begin an account with your farm, you should open a "Personal" account and charge yourself with all money you take from its earnings for personal or household use. At the end of the year you should charge the "Labor" account for whatever amount you think you've earned, making your wages large enough to fully meet all expenses for clothing, groceries, church, education, relaxation and all other necessities to which your family is entitled. Whatever you decide that you and your family can get along with—charge to your "Personal" account and keep the detail of household accounts out of the farm ledger. If you do this, the same as any other business

man would do, your bookkeeping will be much more simple and satisfactory in every way.

6. THE POULTRY ACCOUNT.—On most farms unless Poultry is made a specialty, the proceeds is considered the wife's, to do with as she sees fit. Sometimes she trades the eggs out at the "store" for different little things needed round about the house, and sometimes she takes the cash, but, generally, whatever is derived from this source is considered hers to do with as she pleases. For that reason Poultry is not included in the inventory of the illustration given in the following pages. But if the owner of a farm decides to have an account with "Poultry" he should include it in his inventory, in which case he would have to credit the "Production" account with all proceeds from the poultry—that is treat it as he would his hogs, sheep or cattle.

However, if Poultry is made a specialty, an account may be opened with it and then it should be treated as any other account, debiting for amount of Poultry on hand when books are opened and for all that is paid out during the year.

It should also be credited for all sales and for the amount of the inventory when books are closed at the end of the year.

It is sometimes desirable that this be done, and especially so, if Poultry is the principle product or one of them. If it is, extra columns may be ruled in the Ledger and a strict account kept of eggs laid and all necessary data which may be useful for reference.

We suggest that when it is desired to know what Poultry is paying, that the feed be bought and used for the Poultry only. This will simplify the accounting.

7. THE INVENTORY.—What has been said about it being necessary to include the Poultry in the inventory, if it is decided to have an account with it represented in the ledger, brings to mind the importance of the inventory. If you have read Prof. Henry's "Feeds and Feeding" you know how much importance he places on the old maxim that "The eye of the master fattens his cattle." Now, in accounting, never forget the importance of the inventory. An inventory is the first thing to take before any books can be opened, and it is the first thing to take before they can be closed. It is one of the most important steps in accounting, but even as important as it is, so many business men neglect it, leaving it to subordinates who do not fully realize how vital it is to the success of the business, that fully 95 per cent. of the failures in business can be traced directly to this carelessness or ignorance. By all means take your inventory yourself and carefully. Get ready for it so that when the day comes you can take it without trouble or guess work. Remember that everything should be included in the Inventory that is used in the maintenance of your farmstead or to increase its products. And further, that the value of each implement, all live-stock, feed and products on hand at the time it is taken should be honestly set down. Make the values just what you could get in the open market for all except the implements, and on these deduct a certain percentage each year for "wear and tear" from the prices paid. Some manufacturers deduct ten per cent., but generally this is too much for farm machinery that has had good care. It often hap-

pens that the old you have will do as good or better work than the newer. You see it depends altogether on the "eye of the master," for

**"He who by the Plough would thrive
Must either hold himself or drive."**

8. THE FILING OF BUSINESS PAPERS.—And when you are taking your inventory, some of the prices paid for the different implements, for the harness or for some one of the many things about the farm may have been forgotten. How are you to know and get at the correct cost in such cases? Let "a place for everything and everything in place" be your rule when handling business paper and correspondence. If this is practiced you would only have to turn to your letter file and find the original cost of any implement or the price paid for all feed instantly. A transfer case with index can be bought at any stationers, at from 20 to 40 cents. In it can be filed for instant reference, all letters, receipts, expense bills (freight receipts) Bills of Lading, cancelled checks, cancelled notes and all other paper worth keeping for future contingencies. Begin to file all papers that pertain to the business of your farmstead. Put everything in black and white. Don't depend on memory or verbal contracts, "for verbal contracts feed the courts" and one of you may die. Keep your ledger right up to date, and if the inevitable comes, as it must come some day, your family will not be "between the devil and deep blue sea," but can take hold of your temporal accounts understandingly and conduct the farm and settle your business affairs without litigation or expense.

9. "WHAT ABOUT TRANSACTIONS THAT OCCUR WHEN I'M NOT AT HOME?"—As explained in paragraph 6 the book upon which a transaction is first recorded is the one to be produced in evidence in cases of litigation. For this reason it is good business practice to enter all transactions in the one book you keep as a Ledger. As the transactions are not many any one month, by leaving four pages for each month's Cash Account, or forty-eight pages for the year, enough space will be left for memoranda and all transactions which are necessary to enter during the absence of the owner, or whoever may take care of the books. If pages nine and ten are used for the April cash, eleven and twelve will be set aside for daily memoranda, which ought to include all events worth putting on record. By this method, if you were not at home and John Jones got a load of hay, those in charge in your absence would turn to the memoranda page for whatever month it happened to be and write, if in April, on page eleven: "John Jones, Hay 2640 lbs." On your return, you would naturally turn to the books and finding this entry, write it on the Cash Account proper for that day and month as it should be, according to whether it was a cash or time transaction.

10. RED INK IN THE LEDGER.—Books, of course, can be kept as accurately without the use of red ink rulings and entries to balance accounts as they can with them, and many bookkeepers claim its use should be relegated to

that chapter in the ancient history of accounting when all cash transactions were journalized. But most bookkeepers continue to use it, and the illustration given herein makes use of it. A word or two as to what these red ink entries mean will not be out of place.

First turn to the Cash Account for April (plate 9). Footing up the entries in black, we find the debit side amounts to \$425.00 more than the credit side, that is, we have \$425.00 on hand. Being the end of the month and wishing to close the account to make it balance we write on the credit side, in red ink, "Balance \$425.00." (See item cg.) When we write this, we really agree to enter as soon as the account is ruled and closed, on the debit or opposite side, the amount we have on hand in black ink. Compare item cg on plate 9 with item da on plate 12 and you will see just what is meant. You will also note that this occurs every time we balance the Cash Account, whether daily, weekly or monthly.

If you will now turn to the Ledger accounts you will see that the red ink entries made there to balance, carry forward or close an account at the end of the year never affect its balance because you agree when you balance, carry forward or close an account, that you will bring down or carry forward all red ink entries to the opposite side of the Ledger in black ink. Hence, the balance of the Ledger is not changed, the red ink simply serving to show that such an account has been balanced, carried forward or closed as we have agreed to do as indicated by the entry in red.

If you refer to Plate 60 you will see we agree to credit Fox with his "Present Worth" at the time the books are closed. (See entry in black ink of \$12,703.60, on Plate 61.)

Therefore, all red ink entries are either brought down or carried forward to the opposite of the Ledger in black ink.

11. WHEN SHALL THE FARMER BEGIN OR OPEN HIS LEDGER?—It is customary among merchants and manufacturers to close their books at least once a year, and it is understood by them that the first of the year, as far as the records of the business are concerned, is at the time the books are closed. In commercial pursuits, January 1st is usually selected, but on the farm, this must be considered, whether it isn't best to select a time when the live-stock and other products are at their minimum?

For instance, among farmers generally in the northern half of the United States the first of March or April finds most of them with less stock and produce on hand than at any other time of the year, and the active labor of putting in the oats, barley and other spring crops barely begun. Any date will do, and the farmer must decide for himself what time of the year suits his location, rotation and system of farm management best.

Part Two

PRINCIPLES AND DEFINITIONS



12. PRINCIPLES AND DEFINITIONS.

At the beginning of every business, except farming, some system of accounting from which its owner can form an estimate of its development at any time, is thought absolutely necessary. In farming it is the last. And, although the keeping of accounts must always be incidental to the business itself, because it results from it, yet it is such an important essential in securing the greatest profit from the farm that every farmer should keep an account with his farmstead, if ambitious to obtain the most profitable returns from his management. For after all, profit is the incentive to all business activity. This is just as true on the farm as it is in any branch of commerce or manufacturing. It's the profit we think of that spurs us on to grow better grain, or fruit, or to raise finer stock than our neighbors. And then when we've sold the stock we've raised and the grain or fruit we've grown and have pocketed the proceeds, we've completed a business exchange or transaction that ought to be put on record, the recording of which is nothing more or less than bookkeeping; hence:

13. BOOKKEEPING is the art of recording business transactions distinctly and systematically so as to show the money received, disposed of and on hand, the credits given, and the assets, liabilities, and general status of the business, person or firm. There are two methods of keeping books, known as Single and Double Entry.

14. IN SINGLE ENTRY there is but one debit or one credit to a transaction, and only personal accounts carried to the Ledger. It is therefore imperfect and incomplete and never used in modern business, because accounting that isn't accurate is worse than none at all. Single Entry affords hardly half-a-loaf at best, but

15. DOUBLE ENTRY BOOKKEEPING furnishes a complete business record in which every transaction is made to appear on the Ledger as both debtor and creditor by observance of the governing principles, that, in every instance the thing obtained is debtor to the thing given, and the thing given is creditor of the thing obtained, by means of which a correct Ledger balance is always at command.

In simple English it means that, for every debit there must be a corresponding credit, and vice-versa. That's the whole thing in a nutshell, and it is by using this principle for a foundation that the entire structure of accounts is built.

16. ESSENTIAL BOOKS OF RECORD.—In double-entry, the Journal, Cash Book and Ledger are the principal books, although other books known as Auxiliary books are added for convenience. Nowadays the Cash Book and Ledger are the principal books, and it is perhaps advisable to have a separate book for each on farms extensive enough to require the services of a book-keeper, but for all farmers who must keep their own books, the system shown in the pages which follow is the most simple and convenient.

17. BOOKS OF ORIGINAL ENTRY are those upon which the transaction is first recorded. In case of litigation the book of original entry, whatever that book may be, is the one required to be produced in evidence.

18. THE LEDGER is the book of accounts, and contains a final summing up of all the accounts.

19. THE JOURNAL OR DAY BOOK.—Formerly this book was used to enter all transactions as they occurred from day to day. Nowadays the best bookkeeping is that which tells every detail with the least minutia, and the tendency of the times is to reduce the number of books and entries as much as possible, hence, the Journal or Day Book is seldom used, the Cash Book answering every purpose.

20. THE CASH BOOK is the book used to detail the cash transactions, and should always be a book of original entry. On the farm it should answer the purpose, and take the place of the Day Book or Journal. Then by combining it with the Ledger, as explained later on, the farmer will have to keep but one book of record, which will appeal to all practical men. One volume a year—the original book of entry and Ledger, one and the same. In cases of dispute or litigation, if called upon to act as Guardian or Administrator, if ever, under any circumstances, called upon to produce the book in court, every transaction is there convenient and complete.

21. ACCOUNT.—An account is a recorded statement of debits and credits, of receipts and expenditures, or of business transactions, and are of three kinds: Real, Representative and personal.

22. REAL ACCOUNTS are those which show either a resource or a liability in continuous record, such as cash, notes and personal accounts.

23. REPRESENTATIVE ACCOUNTS are those which show the earning activities of a business, such as interest, discount, expense and property.

24. PERSONAL ACCOUNTS are those opened with persons who from time to time become indebted to us or we to them.

25. LAWS OF DEBIT AND CREDIT.—As explained in defining double entry bookkeeping, every transaction is made to appear in the Ledger as both

Debtor and Creditor, hence every account is affected in two ways—by debits and credits. From this you will understand every account has two sides, the Debit and the Credit. The principles which govern them are unchangeable, and are as follows:

DEBIT SIDE	ACCOUNT	CREDIT SIDE
On this side we enter what comes into the business or what costs value.		On this side we enter what goes out of the business or what produces value.

Therefore, you should memorize the following:

Always debit what we receive and who or what costs us value.		Always credit what we give and who or what produces value.
--	--	--

Always remember that every transaction that can possibly occur is governed in a bookkeeping sense by one or the other of the two principles given above.

Part Three

*“Let us forge out a system that will
meet our requirements as producers
and suit our conditions.”—Wilson.*

THE FARM LEDGER

26. A modern system of accounting is one that automatically furnishes statistics of a business in such form as to be readily referred to by the owner, and furnish him a safe guide for its management along prosperous lines.

On a farm the books should be so kept that all questions regarding either the finances or the farmstead or its owner can be answered without looking up data in ancient files or other books of record than the Ledger.

As for the Ledger, there are nearly as many kinds nowadays as there are businesses. This results from a desire to harmonize the books with the business, and when attained, insures accuracy and a great saving of labor.

The farmer should adapt his bookkeeping to suit his conditions, and the best system for him is one that differs from the usual method by dispensing with separate Day Book and Cash Book, using one book only—the Ledger—which, if rightly kept, will answer every purpose.

27. SIZE OF LEDGER.—All that is required is one large enough to admit the opening of all the accounts necessary to properly care for the rotation followed on the farmstead. It is best to use one book each year. It is much handier when wanting to refer to the records of any former year or when comparing one year with another.

28. RULING.—It should have the regular single entry ruling, of which the following is an example:

MONTH	DAY	EXPLANATION COLUMN	PAGE OF CASH BOOK OR LEDGER	DOLLARS	CENTS

Blank books ruled like the above can be bought at most stores in every village, the cost running from seventy-five cents up, according to size, quality of paper and binding. This ruling answers all purposes on most farms, but when a record is kept of the individual performances of cows; of eggs laid or any other data you think advisable to keep, additional columns may be ruled to suit. On a dairy farm each cow can have a page set aside for her record. A record may also be kept of pure bred stock in this manner. It is best to rule a form and decide definitely that it suits your purpose before ruling your ledger. With a little thought a ledger of this kind can be made to answer all purposes as a book of record and accounts. It can be made to tell you just what you want to know about your farmstead, and will be found infinitely better and decidedly cheaper than an elaborately ruled book that doesn't suit your rotation or individual needs.

29. INDEX.—These books are made with and without indexes; but when

used as a book of record on the farm they should have the index. Then it can't be lost or mislaid and is always at hand, ready for use.

30. THE ARRANGEMENT OF ACCOUNTS.—It is always advisable in classifying the accounts for the average farm, that the first six pages be set aside for the annual inventory. Then an allowance of forty-eight pages for memoranda and the Cash accounts for the twelve months. This allowance of forty-eight pages insures enough space to write any memoranda from day to day during the month, which may be worth noting in permanent form, that is, if pages nine and ten are used for the June Cash, pages eleven and twelve would be left blank for memoranda and the July Cash entered on pages thirteen and fourteen, and so on. Then a few pages should be set apart to record the mating and date of birth of all live-stock, and this should be indexed the same as any account in the Ledger so that it may be quickly found. While the accounts of a farm and its records are wholly distinct, yet each are essential to the most profitable farming.

The accounts show the business end of your operations—their results in dollars and cents. Records will help you decide which is the most economical method of handling your farm.

Although many farm without using either, yet the greatest success is not attainable unless both are kept.

But records are of no avail unless they are used as a basis on which plans are made and carried out. Records will vary on each farm, and it isn't possible to present in a book intended for general use, forms for all data that might or could be used in different localities. For the general farm, two or more pages set aside for each month, as suggested above, will answer every need. For dairymen, a page for each cow in the herd, ruled to show weight of milk, test of butter-fat, etc., etc., will be sufficient. For the breeder of pure-bred livestock there are ready-ruled registers mentioned elsewhere (Paragraph 31) that will be found convenient and low-priced.

But what we wish to particularly impress is this fact—the records may be many or few, as best suits the needs of the owner of the farm, and he can best determine their extent when he decides the end for which he is striving.

Unless one thinks and plans and uses them as a basis on which to work they will not help. Merely keeping a record part of year will be of no avail. Have a well thought out plan and then keep such records as will give you statistics vital to its success.

As a matter of convenience, adjustable index tags may be had at from 8 to 12 cents each. Placed on a page, much time is saved when posting. It is best to use a larger tag for pages containing Memoranda and Cash account. If pages 9 and 10 are used for June Cash, place tag marked Cash on page 10, etc. Then on the first of the month following, when your books are posted and balanced, move "Cash" and "Memoranda" tags forward to the pages set aside for these items for the month. At the end of the year, when you begin your new ledger, the tags can be changed quickly and used from year to year. They will

last a lifetime. There are several different styles and makes on the market. While they are not indispensable, they are worth having because they save time and last indefinitely.

31. These few pages should be all that is necessary on most farms, unless the breeding and sale of pure-bred stock is made a specialty, when it is better to use a record made on purpose for breeders.

There are three published that are very convenient and practical. The "**Breeders' Gazette**," The "**American Sheep Breeder**," and The "**American Swineherd**," all of Chicago, each publish registers for this purpose that will answer every requirement.

The balance of the pages in the Ledger should be divided to suit the accounts one has or may wish to keep, except, that not less than six pages should be left at the end of the book for a recapitulation or annual statement of the farmstead's earnings and expenses for the year.

32. Using the above for a basis the pages necessary would, on most farms, be about 100, but the size of the Ledger used must of course be governed by the size of the farm and the accounts one would wish to open.

Part Four

“Illustration is the basis of successful teaching.”—Horace Mann.

THE ILLUSTRATION

33. To better illustrate how the books are first opened or begun, let us imagine some person, say one John Fox, wishes to begin a simple set of accounts with his farmstead. Having decided on this, the first thing he must do is to take an inventory and an

34. INVENTORY on the farm should be an itemized list of everything used to increase its profits or maintain it. It must include all Live-stock, Feed, Implements, and all products on hand, such as Wheat, Corn, Barley, Rye, Hay, Potatoes, etc., etc., with the quantity and number of each figured at the market price the day it is taken.

This Fox takes, and as he has no time for "fuss and feathers," and doesn't wish to open a separate account for each product, he includes under the head of "Production" all his live-stock and the produce grown by him. (Refer to 155.)

Under Feed, he enters only that which he has bought, such as Bran, Middlings, Oats, etc. Had he grown the oats he would have to enter it under "Production," but whatever he buys to feed must be inventoried as "Feed," and at the prices paid for it.

The inventory having been taken we give it in full as follows:

35. Inventory of Clovermead Farm, March 31, 1901.

PRODUCTION

Bay Team Jack and Jim.....	\$ 160.00
Bay Mare Queen.....	75.00
Black Mare Bess.....	60.00
Chestnut Mare June.....	175.00
Two Cows at \$35.00.....	70.00
20 Stock Hogs at \$5.00.....	100.00
15 Poland China Sows at \$12.	180.00
1 Berkshire Boar.....	35.00
100 Shropshire Ewes at \$4.00.	400.00
1 Shropshire Ram.....	50.00
1 Shropshire Ram.....	30.00
1 Shropshire Ram.....	20.00
913 bushels Corn at 35c.....	319.55
9 bushels Potatoes at 30c....	2.70
11½ tons Clover Hay at \$6.00	69.00
87 bushels Seed Corn at 60c..	52.20

\$1398.45

FEED

75 lbs. Linseed Meal at \$24.00.	\$.90
¾ ton Bran at \$15.00.....	1.87
¾ ton Middlings at \$19.00...	14.25
27 bushels Oats at 32c.....	8.84
	\$ 25.86

IMPLEMENTS

One Wagon	\$ 60.00
One Farmers' Handy Wagon.	39.00
One Surrey	120.00
One Buggy	80.00
One Spring Tooth Harrow...	14.00
Amount up.....	\$ 313.00

Brought up	\$ 313.00	Less 25% discount for "wear and tear" of five years' use..	\$ 183.00
One Adjustable Harrow.....	12.00		
One Roller.....	19.00		
Two Plows at \$15.00.....	30.00		\$ 549.00
One Cultivator, "Planet Jr."..	40.00	One Binder.....	\$ 100.00
One Weeder.....	12.00	One Corn Harvester.....	100.00
One Corn Planter.....	27.00		\$ 200.00
One Grain Drill.....	75.00	Less 5% for one year's depre- ciation	10.00
One Mower.....	40.00		\$ 190.00
One Cahoon Seeder.....	3.00		
One Tedder.....	22.00		
One Corn Sheller.....	5.00		
One Hay Rake.....	20.00		
One Hay & Stock Rack.....	12.00		
Two Sets Harness at \$36.00..	72.00		
One Set Light Harness.....	20.00		
Also Axes, Forks, Log Chains, Three Horse Eveners, Wheelbarrow, and other miscellaneous tools about the place	10.00		
	<u>\$ 732.00</u>		

RECAPITULATION

Production	\$1398.45
Feed	25.86
Implements	739.00
Total.	<u>\$2163.31</u>

36. INVENTORY VALUATION.—As we have already stated, Fox values his live-stock at what it would bring, if sold the day he takes his inventory, and this is also true of the produce he has grown; but the Feed he must figure at what it cost him.

From his implements he deducts 25 per cent. for "wear and tear" of five years' usage. As the Binder and Corn Harvester were bought in 1900 he only deducts 5 per cent. from them—both practically being as good as new. Some manufacturers deduct 10 per cent. annually for the depreciation of their machinery, but when good care is taken of farm implements there is scarcely need for such a deduction. The owner must of course decide for himself what the depreciation amounts to.

37. STATEMENT OF RESOURCES AND LIABILITIES.—Fox now has his inventory taken. He knows what he has on his farm and that if sold today it would amount to \$2,163.31. However, before he can begin his books he must know not only this; but the exact amount of everything else he owns; what he owes and also what is owing him.

The easiest way to do this, is to make a statement of his Resources (what he has) and Liabilities (what he owes). To get at this, his farm, known as "Clovermead," consisting of 120 acres, cost him \$80.00 an acre. He still owes on it \$2,000.00, which is in four notes of \$500.00 each, payable annually with interest at 6 per cent. These notes are secured by Mortgage, and are held by a local bank—the First National.

He has also \$413.00 cash on hand and a note of \$70.00 in his favor, which is due July 15, 1901.

38. Itemizing the above, he places under "Resources" (1) the cash value of his farm.

(2) Production (see inventory) which represents his live-stock and the products of his farm on hand at this time.

(3) Implements (see inventory).

(4) "Feed" (see inventory), and by "Feed" he means what he has had to buy—not that which he has grown.

(5) Bills Receivable (notes owing him) and (6) the Cash he has on hand.

These items are all "Resources," because, if necessary, he could sell them for the amount set aside each and thus realize that much cash for them—hence, a resource.

39. Under "Liabilities," he places Bills Payable (notes he owes).

To better understand this, let us set down these items and amounts under their respective heads, so that it will be perfectly clear.

RESOURCES			LIABILITIES		
(1) Clovermead Farm	\$ 9600	00	Bills Payable (Notes he owes)	\$ 2000	00
(2) Production (Inventory)	1398	45	Net Worth	10246	31
(3) Implements (Inventory)	739	00			
(4) Feed (Inventory)	25	86			
(5) Bill Receivable (Notes owing him)	70	00			
(6) Cash (Money on hand)	413	00			
	\$12246	31		\$12246	31

40. Now, in looking at the statement above you will see one item under "Liabilities" about which nothing has yet been said. It is Net Worth, and is simply this: Fox's total Resources amount to \$12,246.31. Taking from it the total amount of his debts (\$2,000.00) there remains the difference of \$10,246.31, or his Net Worth.

The foregoing then is what Fox must know before he can open his Ledger. It is what you must also know before you can open an account with your farmstead intelligently.

41. Fox must next make the opening entries in his book of record, and as he is a practical farmer, he wants his accounts to be as simple as can be and yet be accurate. With this in view, he decides to have as few accounts in his Ledger as possible—to use but one book of record—setting aside the first six pages for the inventory, the next forty-eight pages for the Cash accounts and Memoranda for the year, and the balance of the book for his accounts in the Ledger proper.

But before any accounts can be opened in the Ledger, the proper entries must appear on the Cash Book and the

42. CASH BOOK in its original form was simply the cash account. It was debited for the cash received and credited for all cash paid out—the dif-

ference between the debit and credit sides showing exact amount of cash on hand. But on the farm the Cash Book must answer for a Day Book or Journal as well, and all transactions appear in it.

As explained before, in double-entry bookkeeping all accounts have two sides—a debit and a credit. The left-hand side is always the debit side, and the right hand side is always the credit side.

Remember, then, that the following rules are absolute for the Cash Book:

LEFT-HAND OR DEBIT SIDE.

On this side enter all cash you receive.

RIGHT-HAND OR CREDIT SIDE.

On this side enter all cash you pay out.

43. Now the sides of the blank book that you are going to use as a Farm Ledger, are ruled exactly alike, and you will see by referring to the example below that the first column is for the date. The second for the page of the Ledger to which the entry must be posted. The third space is for explanation, in which you should write a complete history of the transaction at the time it takes place. This should always be written out fully so that if at any time later a question arise as to the validity of an account, the details given in this column will remove all doubt as to what it was, when it took place, etc. The Dollars and Cents column at the extreme right of each page are those in which you set down the amount of the transaction. The correct ruling is shown below, which note:

THIS FOR THE DATE	THIS SPACE FOR LEDGER PAGE	THIS THE EXPLANATION COLUMN			DOLLARS	CENTS
----------------------------	--	-----------------------------	--	--	---------	-------

Fox is now ready to make his first entry and the

44. FIRST ENTRY is to give the owner (Fox) credit for his investment. This is always the first entry when the books are opened. We find his investment as follows: The statement of his Resources and Liabilities shows his net worth to be \$10,246.31, of which \$413.00 is in cash (money on hand). By deducting his cash on hand from his Net Worth we have \$9,833.31, which represents the net cash value of his Farm, Production, Feed, Implements and Bills Receivable. Therefore, we credit J. Fox (or the owner) by entering on the debit side of the Cash Book \$9,833.31, the net cash value of his investment, and the \$413.00 cash on hand. (Refer to Plate 8, item da.) Also turn to paragraph 112.

45. THE SECOND ENTRY in this illustration is to credit Bills Payable for \$2,000.00, the amount of notes Fox is owing to the First National Bank. (Refer to Plate 8, item db.) Also refer to paragraph 138.

No doubt you are now wondering why we credit Fox and Bills Payable, when we enter these items on the debit side of the Cash Book.

The reason is this: The Cash Book is the cash account. We charge (debit) it for all cash we receive and credit it for all we pay out. When we open (begin)

the books, we must of course **credit** Fox (the owner) for the amount of money he has invested. He now has \$9,833.31 in land, live-stock, implements, and \$413.00 in cash, all of which he is using in his business of farming. He must open an account in the Ledger that will represent his interest in his business. Hence, he must be **credited** for the amount invested and the cash he is using.

46. WE NEXT DEBIT the following accounts with the amount of each as shown by the inventory. Clovermead Farm (Plate 9, item ca. and refer to 118), Production (Plate 9, item cb. and refer to 156), Implements (Plate 9, item cc. and refer to 172), Feed (Plate 9, item cd. and refer to 167), Bills Receivable (Plate 9, item ce. and refer to 144). These items are those that Fox has his money invested in. And, as we have previously learned that there must be a debit for every credit, we **debit** each for the amount invested, because we have already given Fox **credit** for them. If they have been entered correctly the Cash Book should now balance as follows:

DEBIT SIDE.			CREDIT SIDE.		
J. Fox—Investment	\$ 9833	31	Clovermead Farm	\$ 9600	00
J. Fox—Cash	413	00	Production (Inventory)	1398	45
Bills Payable	2000	00	Implements (Inventory)	739	00
			Feed (Inventory)	25	86
			Bills Receivable	70	00
			Balance	413	00
	\$12246	31		\$12246	31

47. Now that Fox has his books begun, somebody or something must be debited for everything brought on the farm, and somebody or something credited for all that is sold or taken from the farm.

By doing this he will know at any time the exact amount of cash he has on hand and the true condition of every account he has in the Ledger.

NOTE.—For ready reference each entry on the Debit side of all accounts in both Cash Book and Ledger is indicated by the letter “d” and follow each other in alphabetical order, thus: The entry giving Fox credit for his investment is Plate 8, item da., and that of Bills Payable is Plate 8, item db. The entries on the Credit Side are indicated by using the letter “C” to designate the credit side as Clovermead Farm: Plate 9, item ca. Production, Plate 9, item cb., etc., etc.

Part Five

THE CASH BOOK

Dr April 1901 Cash Plate 8

da	1	61	J Fox Investment	9833.31				
			Cash	413.00			10246.31	
bd	1	65	Bills Payable First Natl Bank				9000.00	
			Notes 1/2/896 due 1/2/02 500 ⁰⁰					
			" " " 1/2/03 500 ⁰⁰					
			" " " 1/2/04 500 ⁰⁰					
			" " " 1/2/05 500 ⁰⁰					
			Secured by mortgage on					
			Farm. Interest 6%					
dc	8	69	Production 15 bu Seed Corn M-order				15.00	
			✓ 4/10 Wm George Troy O. CHAS					
dd	9	69	Production 12 bu Seed Corn Draft				12.00	
			✓ 4/10 John Green Huntington Ind					
			Webash Ind					
df							2273.31	

TRANSACTIONS FOR APRIL, 1901

Having opened the Cash Book by entering the items shown in his statement of Resources and Liabilities in the preceding chapter (refer to items da, db, ca, cb, cc, cd and ce), the transactions common to the rotation practiced by Fox follows.

APRIL 8

He received a money-order of \$15.00 from Wm. George, of Troy, Ohio, for 15 bushels of Seed Corn. Freight C., H. & D. R. R.

48. It isn't practical to open accounts with each individual who may buy seed or other products from the farm, so Fox credits all sales to Production, and will open an account in the Ledger under that head. Refer to Plate 8, item dc., and note that full particulars of the transaction are given. This entry should be made immediately after the order is received. Then when he fills and ships it, he checks it, thus: 4-10, as shown on the plate. Note that the date the order is received is in first column, and the full explanation in third column, with the amount in the dollars and cents column. The figures 69 in second column is the Ledger page, to which the entry is posted, and in this book, will mean the number of the Plate, to which refer. In actual bookkeeping this second column of the Cash Book is used for the Ledger page.

APRIL 30

He balances his cash account for April and finds \$425.00 on hand.

51. It is now the end of the month and he balances his cash. Balancing the cash is simply footing the two sides of the account, when the difference between them should be exactly what you have on hand.

The difference for April, Fox finds is \$425.00, which is the amount he has on hand. He now closes the account for April by writing in red ink:—the date, the word Balance, and the amount \$425.00 on the credit side—see item cg. He then rules the closing lines in red ink and writes between them in black ink the totals \$12,273.31. (See Plates 8 and 9, item df and ch.)

52. WHEN CASH IS OVER OR SHORT.—Every one makes mistakes, and should one occur, such as an error in making change or in paying an account and omitting to charge it, and you cannot find it after exhausting every effort, the Cash Book can be made to balance as follows: If your cash is over—having more than you should as shown by the Cash Book, credit this difference to the Production account by writing on the debit side of the Cash Book "Production—Cash Over," which makes it balance. If short—if you have less cash than you should have according to the Cash Book, charge it to yourself, writing on the credit side of the Cash Book, "J. Fox—Cash short" for the amount of difference. In case you locate the error later, debit or credit the difference to the proper account and debit or credit yourself or Production as it may have been entered at the time you could not locate the error.

53. POSTING THE CASH BOOK.—Every entry appearing in the Cash Book must be posted or transferred to some account in the Ledger. The second column is used to enter the page of the Ledger to which the entry is transferred. On Plate 8, item da, you will note the Ledger page is 61. Turn to Plate 61, item da, and study the entry. Observe that in posting, items entered on the debit side of the Cash Book are entered on the credit side of the Ledger.

The page of the Cash Book from which the entry is posted, is put in the fourth column of the Ledger. Refer to item db which is posted to Plate 65, items dc and dd are posted to Plate 69.

Follow these entries from the time the transaction occurs until they are completed, i e, posted to their proper accounts in the Ledger.

The entries on the credit side of the Cash Book are always posted to the debit side of the Ledger. Fox has opened accounts with Clovermead Farm, Production, Implements, Feed, Bills Receivable and Labor. Refer to each item and compare the entry on Cash Book with Ledger entry. You will note the entries are complete in the Cash Book. They need not be so full in the Ledger. The examples given show all that is necessary.

54. The Cash Book must be posted at the end of the month, if it has not been before, and a trial balance taken. A trial balance ought to be taken at the end of every month. You take it to see that the books are in balance—that the entries in the Cash Book have been posted correctly.

55. NOTE—In posting observe the following order: (1) the amount, (2) the date, (3) the page of the Cash Book from which the item is transferred.

Before you begin to post your Cash Book write in the second column, the pages of the Ledger to which the entries are to be posted. Then check each item as soon as you have posted it. It's a good plan to finish posting the debit side before you begin on the credit side—you're not so liable to post the entries to the wrong side of the account.

56. TRIAL BALANCE.—Now comes the trial balance. Fox has gone through the month and still he doesn't know whether his books "balance" or not. A trial balance is taken once a month to see if all entries have been made correctly, that is if the debit side of the Ledger equals the credit. No set of books or system of accounts is worth anything to any business unless there is some check on them that will prove their correctness. That is why a trial balance is necessary, and as accuracy is the first essential in accounts, Fox takes a trial balance, and this is what he finds:

Dr.		TRIAL BALANCE, APRIL, 1901				Cr.	
	CB	Cash	\$ 425	00	Plate 61	J. Fox	\$10246 31
Plate	62	Clovermead	9600	00	" 65	Bills Payable	2000 00
"	66	Bills Rec'vable	70	00			
"	68	Production	1371	45			
"	72	Feed	25	86			
"	74	Implements	739	00			
"	80	Labor	15	00			
			\$12246	31			\$12246 31

His Ledger is in balance. That is the footings of the debit and credit sides equal each other.

You will note he first enters on the debit side of the trial balance the amount of Cash on hand at the close of the last day of the month. Then taking the Ledger he goes through it, entering on the debit side of the trial balance all amounts found on the debit side of the Ledger, and on the credit side of the trial balance all amounts found on the credit side of the Ledger.

This is always the case unless an account has entries on both the debit and credit side, and then, you find the difference between the two sides. For instance, this month the debit side of the Production account (Plate 68) is \$1,398.45 and the total of the credit side at this time is \$27.00 (Plate 69). The difference in the two sides is \$1,371.45, which he sets down in the explanation column on the debit side of the Ledger in pencil. This, then, is the amount taken in the trial balance.

Remember, when an account has entries on both the debit and credit sides, to take the difference between the sums total, and the amount the greater exceeds the smaller is the amount carried to the trial balance.

57. TO LOCATE ERRORS IN A TRIAL BALANCE.—If the debit and credit sides of a trial balance do not exactly agree the books are not in balance and the difference, no matter how small, must be found. If they don't agree proceed as follows:

First—The footing of the balance should be verified.

Second—From the first account in the Ledger until the last, the addition and subtraction of each account should be carefully gone over.

Third—Examine each entry and see whether or not a debit has been made for every credit, and for every credit a debit for a like amount.

Fourth—If any accounts have been balanced and carried forward to a new page, see if the amounts carried forward are correct.

Finally, if the difference still remains, nothing can be done except to go over the entire work for the month and continue to do so until the error is found, for be it known, the trial balance is simply a copy of the accounts in the Ledger, and if the entries have been made properly the footing of the debit and credit sides will be exactly alike.

Transactions for May, 1901

Plate 13 May 1901 Cash Cr									
ca	2	70	Expense	8 bu White Mammoth				16	10
				3rd potatoes @ 2. ⁰⁰	16	00			
				Draft	10				
cb	3	72	Feed	2 tons Middlings	46	00		47	50
				166 lb Salt	15	00			
cc	5	70	Expense	1 m Envelopes	2	50		6	25
				1 m Letter Heads	3	75			
cd	10	74	Implements	Chicago Sheep Shearing Machine				15	00
ce	25	70	Expense	Station Prince to				4	00
				Eli Jones, Bras & Queen					
*cf	31		Balance					300	15
cg								425	00

61. On every farm there are certain articles which have to be bought to be used in the maintenance and general business of the farmstead. All these incidental outlays should be charged to Expense. It is neither desirable or necessary to open more accounts in the Ledger than will show the results of the management. Too many accounts require needless writing and detail. This item of stationary is Expense. Refer to Plate 13, item cc, and read paragraph 162.

MAY 7

He has had so much trouble to get competent help on the farm, that he makes contract with Ed Wise, who has been working for him off and on for some time, to work by the year at \$300.00. Wise to board all the extra help employed on the farm, and in addition to the wages agreed on, to have truck patch, pasture for cow, and house rent free of charge. Contract dated May 1st.

62. No entry for above—simply a memoranda. He files the contract—refer to (8). All money paid to Wise will be charged to him in the future and not to Labor. Read matter following Plate 78.

MAY 10

He buys a Chicago Sheep Shearing Machine—\$15.00.

63. He has already opened an account with Implements. All farm machinery bought must, of course, be charged to that account. (See Plate 13, item cd.) Now read paragraph 173.

MAY 25

He pays Eli Jones \$40.00 for Stallion Services.

64. This is charged to Expense for the same reason that item ca was. For entry see item ce, Plate 13, and refer to paragraph 163.

MAY 30

He balances his cash for May—\$300.15 on hand.

The difference between the sums total of the two sides of his Cash account for May is \$300.15. That is what he has on hand, so he enters it in red ink (Plate 13, item cf) rules the closing lines and enters the footings of the two sides in black ink between them, just as he did when closing the April cash.

The posting done he should again take a Trial Balance to see whether or not his books are in balance. This he does, and it follows:

Dr.					TRIAL BALANCE, MAY, 1901.					Cr.				
	CB	Cash	\$	300 15		Plate	61	J. Fox	\$10246	31				
Plate	62	Clovermead	9600	00		"	65	Bills Payable	2000	00				
"	66	Bills Rec'vable	70	00										
"	68	Production	1371	45										
"	70	Expense	62	35										
"	72	Feed	73	36										
"	74	Implements	754	00										
"	80	Labor	15	00										
			\$12246	31					\$12246	31				

65. Observe that the Trial Balance is simply the footings of the various accounts in the Ledger except where there have been entries on both the debit and credit sides on an account, and then, the difference between the two sides only is entered in the Trial Balance. Refer to the Production account, Plate 68. Entries have been made on both sides of this account and the debit side is the greater the difference, \$1,371.45, is what is entered on the debit side of the Trial Balance.

Transactions for June, 1901

Dr June 1901 Cash Plate 16			
da	1	Balance	300 15
db	2 69	Production Loss 4/10/01 shipment to W George, Troy, O Claim made H & D today	15 10
dc	8 69	Production Wool 726 lbs @ 16¢	116 16
dd	24 69	Production Hogs 20 av 230 lbs @ 5 40	248 40
de			679 81

TRANSACTIONS FOR JUNE, 1901
JUNE 1

Cash on hand \$300.15.

66. Immediately after the cash is balanced for the month you must enter amount on hand as shown by item da, Plate 16. This is done every time the cash is balanced—daily, weekly or monthly. If many transactions occur it is best to balance daily; or weekly at the latest, where but few take place, once a month will answer, as shown in this illustration.

JUNE 2.

Wm. George, Troy, Ohio, to whom Fox shipped Seed Corn on April 10th, writes that it hasn't arrived—that it's now too late—he can't accept, and wants his money refunded. Although a shipper's responsibility ceases when goods are delivered to R. R. Co., he refunds the money (\$15.00) and makes claim to the C., H. & D. R. R. for the amount lost, plus the expense of draft.

67. Rather than antagonize a customer Fox decides to collect the amount of this shipment from the R. R. Co., himself. First—He has no account with George, so when he sends draft to George for the amount of loss, he must debit

Plate 17 June 1901 Cash CR			
ca	2 68	Production Draft for Shipment Seed Corn 4/10/01 C. H. & D. R. R. Refunded Wm. George	15 00
cb	2 70	Expense Draft to George	10
cc	2 86	C. H. & D. R. R. Loss of Shipment as above	15 70
cd	8 70	Expense Shoeing 60 Repairs on Mower 3.00	3 60
ce	22 80	Labor Sam Pettit 4 days 150 600 John Dye 4 " " 600	12 00
cf	24 84	Taxes & Insurance June Taxes	32 64
cg	28 78	Ed Wise On account	20 00
*ch	30	Balance	581 37
ci			679 81

the account to which the sale was credited, to Production. (See Plate 17, item ca.) Second—The draft costs 10 cents, which he charges to Expense. (Plate 17, item cb.) Third—Fox is now out the Seed Corn and the expense of draft; so he charges the C., H. & D. R. R. with \$15.10, the amount he is short by the transaction. Plate 17, item cc.) Fourth—In double entry there must be a debit for every credit, and having debited the C. H. & D. R. R. with \$15.10, he must also credit Production for the same amount. (Plate 16, item db.) In making claims to Railroads they insist on the original Bill of Lading in total losses, and both the Bill of Lading and Expense Bill (freight receipt) where partial loss is sustained. To make claim for loss, such as described in transaction above, the following is necessary: (1) Copy of Invoice to George. (2) Original Bill of Lading. (3) attach (1) and (2) to an invoice made out in name of R. R. These should be given to the local agent. But R. R.'s move slowly in paying claims. After a reasonable length of time it is well to stir them up at intervals, and let them know you are looking after your end—are a business farmer and know what you're about. Refer to paragraphs 197 and 199.

JUNE 8

He sells his wool—726 lbs., at 16c. Pays 60c for "re-setting" two shoes on Queen, and \$3.00 for repairs on Mower.

68. First—Fox doesn't want accounts opened with everything he grows—too much detail. His sales are all entered to the credit of his Production account, hence, the Wool sold above is entered as shown on Plate 16, item dc. See paragraph 158.

Second—The inevitable Expense again. But his horses must be shod, and the Clover is coming on fast. The mower is now ready. Both charged to Expense. (Plate 17, item cd.) See 161 and 163.

JUNE 22

He pays John Dye and Sam Petit each \$6.00 for four days' labor.

69. Labor, too, is quite an item and he wants to know how much it costs him for the year. All extra help he employs he charges to Labor account. For entry see Plate 17, item ce. Refer to 183.

JUNE 24.

He sells 20 Hogs, averaging 230 lbs. each, at \$5.40 and pays his June taxes—\$32.64.

70. First—As everything Fox sells off the farm is credited to Production, the proceeds for the Hogs is credited to that account. (Plate 16, item dd.) Second—He opens an account for Taxes and Insurance. (Plate 17, item cf. Refer to 193.

JUNE 28

Ed Wise draws \$20.00 on account.

71. Although this item is for Labor, yet Wise is hired by the year and wants to draw his money as he needs it. This necessitates opening an account with Wise, and all money drawn by him must be charged to him. (Plate 17, item cg.) Refer to 177 and 178.

JUNE 30

He balances his cash—\$581.37 on hand.

The cash on hand is \$581.37, and as that agrees with the balance shown by the Cash Book he rules the closing lines as he did in April. (See Plates 16 and 17, items de, ch and ci.)

Dr.		TRIAL BALANCE, JUNE, 1901						Cr.	
	CB	Cash	\$ 581	37		Plate	61	J. Fox	\$10246 31
Plate	62	Clovermead	9600	00		"	65	Bills Payable	2000 00
"	66	Bills Rec-vable	70	00					
"	68	Production	1006	79					
"	70	Expense	66	05					
"	72	Feed	73	36					
"	74	Implements	754	00					
"	78	Wise	20	00					
"	80	Labor	27	00					
"	84	Taxes	32	64					
"	86	C., H & D Ry.	15	10					
			\$12246	31				\$12246	31

Trial balance for June is shown above.

		<i>Dr July 1901 Cash</i>		<i>Plate 20</i>	
da	1	<i>Balance</i>		<i>581.37</i>	
db	15 67	<i>Bills Receivable Wood Note</i>		<i>70.00</i>	
dc	15 83	<i>Interest on Wood Note</i>		<i>4.20</i>	
df				<i>655.57</i>	

TRANSACTIONS FOR JULY, 1901

JULY 1

Cash on hand \$581.37.

Whenever the cash account is balanced—whether daily, weekly or monthly, the first entry after balancing is to debit cash for the amount on hand. (Plate 20, item da.)

JULY 15

Wm Wood pays his note of \$70.00 due today with interest at 6%.

72. All notes we hold given to us in settlement for money loaned or in payment of products sold are debited to Bills Receivable. Wood pays his note today with interest. We now credit Bills Receivable for the face of the note as shown on Plate 20, item db. (See 143 and 147.)

We must also credit the interest, therefore, open an account with Interest and credit it as shown on Plate 20, item dc. (Look up 186 and 189.)

JULY 20.

He sends the Breeders' Gazette \$6.00 and the National Stockman \$5.20 to pay for his advertisement of Seed Corn. The money-order cost him 16 cents.

73. As the amount Fox pays for advertising is small he doesn't open an account with it, but charges it to Expense. See Plate 21, item ca. Refer to 161.

JULY 21

He accepts the Stock Scale put in for him by E. Thomas and pays \$65.00.

74. Although scales might be considered under the head of Building and Improvements, yet, after putting them in they are a part of the farmstead's equipment as much as are fences or sheds. Rather than charge to Improvements and inventory them from year to year, Fox prefers, as they are a fixture, to charge them at once to Expense. (Plate 21, item cb.) Read 129.

Plate 21		July 1901 Cash		Cr	
ca	20 70	Expense Advertising Jrs Corn		11	36
		Breder's Gazette 6 ⁰⁰			
		Natl Stockman 5 ²⁰			
		Money Order 16			
cb	22 70	Expense Stock Scales E Thomas		65	00
cc	28 72	Feed Oats 100 bu @ 32¢		32	00
*cd	31	Balance		547	21
ce				655	57

JULY 28

He buys 100 bushels of Oats at 32c.

75. Fox doesn't grow any Oats. He buys them to feed, and so charges to Feed, as he wants to know how much he pays for it during the year. Plate 21, item cc.) Refer to 168.

JULY 31

Cash balance today shows \$547.21 on hand.

Refer to April, May and June closing of cash accounts. (Plate 21, item cd.)

Dr.

TRIAL BALANCE, JULY, 1901.

Cr.

	CB	Cash	\$ 547	21	Plate	61	J. Fox	\$10246	31
Plate	62	Clovermead	9600	00	"	65	Bills Payable	2000	00
"	68	Production	1006	79	"	83	Interest	4	20
"	70	Expense	142	41					
"	72	Feed	105	36					
"	74	Implements	754	00					
"	78	Wise	20	00					
"	80	Labor	27	00					
"	84	Taxes	32	64					
"	86	C., H. & D. Ry.	15	10					
			\$12250	51				\$12250	51

If care is used when posting the Cash Book and footing the different accounts in the Ledger no great trouble need be found in taking the Trial Balance. Note the Bills Receivable account doesn't appear in this month's balance. That was paid, and as the account balanced, is now closed.

Plate 25 August 1901 Ash Cr									
ca	3	78	Ed Wise	On Account				10	00
cb	15	60	J. Fox	Coal 10 tons @ 575				57	50
cc	23	70	Expense	Threshing 800 bu Wheat @ 34 Joe Morgan				24	00
cd	28	72	Feed	Linseed Meal 100 lbs @ 2700				1	35
ce	28	70	Expense	Nails one keg				2	70
*cf	31		Balance					109	66
cg								118	72 1/2

AUGUST 30

He sells 80 bushels of Wheat at 80.

79. All products sold—no matter what—he credits to Production. (Plate 24, item db.) Refer to 158.

AUGUST 31

He balances his cash—\$1,091.66 on hand.

Refer to April and May closing. The entry, (Plate 25, item cf.)

Dr. TRIAL BALANCE, AUGUST, 1901

Cr.

	CB	Cash	\$ 1091	66	Plate	61	J. Fox	\$101	88	81
Plate	62	Clovermead	9600	00	"	65	Bills Payable	2000	00	
"	68	Production	366	79	"	83	Interest	4	20	
"	70	Expense	169	11						
"	72	Feed	106	71						
"	74	Implements	754	00						
"	78	Wise	30	00						
"	80	Labor	27	00						
"	84	Taxes	32	64						
"	86	C. H. & D. Dy.	16	10						
			\$12193	01				\$12193	01	

Plate 29		September 1901 Cash		CR	
ca	5 70	Expense	Fertilizer 2 1/4 tons @ 18 ⁰⁰		45 00
cb	7 70	Expense	First Wheat 37 1/2 bu. @ 100	37 50	37 60
			Drift 10		
			Gro & Scott Mt Pleasant O		
cc	8 72	Feed	Middlings 2 tons @ 24 ⁰⁰		48 00
cd	10 60	J Fox	Cy to Wife		20 00
ce	18 70	Expense	Freight on Seed Wheat		2 56
cf	20 70	Expense	Timothy Seed 4 bu @ 2 ⁰⁰		8 00
			Phillips Seed Co Toledo O		
cg	28 80	Labor	John Betts 10 days @ 12 ⁵		12 50
*ch	30	Balance			918 00
ci					1091 66

83. A personal matter with Fox, and charged to his personal (J. Fox) account. (Plate 29, item cd.) Refer to 110.

SEPTEMBER 18

Freight on Seed Wheat costs \$2.56.

84. Expense. (Plate 29, item ce.) Refer to 155 and 162.

SEPTEMBER 20

He buys 4 bushels of Timothy Seed of the Phillips Seed Co., Toledo, Ohio, for which he pays \$8.00.

85. Expense. (Plate 29, item cf.) Refer to 155 and 162.

SEPTEMBER 28

He pays John Betts \$12.50 for ten days' labor.

SEPTEMBER 30

His cash on hand amounts to \$918.00.

He balances his cash for the month. (Plate 29, item ch.)

Dr.		TRIAL BALANCE, SEPTEMBER, 1901.						Cr.
	CB	Cash	\$ 918	00	Plate	61	John Fox	\$10168 81
Plate	62	Clovermead	9600	00	"	65	Bills Payable	2000 00
"	68	Production	366	79	"	83	Interest	4 20
"	70	Expense	262	27				
"	72	Feed	154	71				
"	74	Implements	754	00				
"	78	Wise	30	00				
"	80	Labor	39	50				
"	84	Taxes	32	64				
"	86	C., H. & D. Ry.	15	10				
			\$12173	01				\$12173 01

The Trial Balance is again taken and is simply the face of the Ledger. It should be taken every month.

Transactions for October, 1901

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Dr October 1901 Cash Plate 32				
da	1		Balance	918.00
db	15	69	Production Hogs 25 bu 190 lbs @ 52 $\frac{1}{2}$	249.38
dc	25	69	Production Potatoes 150 bu @ 45 $\frac{1}{2}$	67.50
dd	25	69	Production Potatoes 40 bu @ 45 $\frac{1}{2}$	18.00
de				1252.88

TRANSACTIONS FOR OCTOBER, 1901

OCTOBER 1

Cash on hand \$918.00

Plate 32, item da.

OCTOBER 3

He gives Ed Wise \$10.00 on account.

Plate 33, item ca. Refer 178.

OCTOBER 15

He sells 25 head of Hogs, which average 195 lbs., for \$5.25.

86. Production. (Plate 32, item db.) See 158. .

OCTOBER 20

He sells 150 bushels of Potatoes at 45c.

87. See Plate 32, item dc. See 158.

OCTOBER 25

He takes 20 bushels of Potatoes for personal use, and also gives Ed Wise 20 bushels, market price 45c

88. Production should be credited for anything taken for personal use from what is raised on the farm. We credit Production, (Plate 32, item dd) and debit both Fox and Wise for the number of bushels they take. (See Plate 33, items cb and cc.) Refer to 110 and 179.

OCTOBER 30

He pays John Betts \$1.25 a day for 15 days' labor.

Labor. (Plate 33, item cd.) See 183.

OCTOBER 31

He balances his cash—\$1206.13.

Plate 33, item ce.

Plate 33 October 1901 Cash *CR*

ca	3	78	Ed Wise	On acct			1000	
cb	25	60	John Fox	20 bu Potatoes @ 45¢			900	
cc	25	78	Ed Wise	20 bu Potatoes @ 45¢			900	
cd	30	80	Labor	John Betts 15 days @ 1 ²⁵ / ₁₀₀			1875	
*ce	31		Balance				120613	
cf							*125288	

Dr.

TRIAL BALANCE, OCTOBER, 1901.

Cr.

	CB	Cash	\$ 1206	13		Plate	61	John Fox	\$10159	81
Plate	62	Clovermead	9600	00		"	65	Bills Payable	2000	00
"	68	Production	31	91		"	83	Interest	4	20
"	70	Expense	262	27						
"	72	Feed	154	71						
"	74	Implements	754	00						
"	78	Ed Wise	49	00						
"	80	Labor	58	25						
"	84	Taxes	32	64						
"	86	C., H. & D. Ry.	15	10						
			\$12164	01					\$12164	01

Dr November 1901 Cash Plate 36					
da	1		Balance		1206 13
db	15	69	Production Lambs 117 av. 98 lbs @ \$5.50		630 63
dc	20	69	Production Hogs 34 av. 220 lbs @ \$5.25		392 70
dd	29	69	Production Corn 1600 bu @ 60¢		960 00
			Williams Seed Co. as per contract		
de				\$	3189 46

TRANSACTIONS FOR NOVEMBER, 1901

NOVEMBER 1

Cash on hand \$1206.13.

Plate 36, item da.

NOVEMBER 15

He sell 117 lambs, averaging 98 lbs. each, at \$5.50, and buys 500 bushels of corn at 30c.

89. The Lambs credited to Production (Plate 36, item db), and the Corn charged to Feed. (Plate 37, item ca.) See 159 and 168.

NOVEMBER 20

He sells 34 head of Hogs at \$5.25. Average weight 220 lbs.

Production. (See Plate 36, item dc.) See 159.

NOVEMBER 23

He pays for Husking and Shredding his Corn crop, 2,000 bushels, at 2½ cents a bushel.

90. Expense. (Plate 37, item cb.) Refer to 163.

NOVEMBER 29.

According to contract made in March he sells the Williams Seed Co., of Toledo, his crop of corn for seed at 25 cents a bushel above market price. 1,600 bushels at 60 cents.

From the above we note that Fox has contracted his corn crop at 25 cents a bushel above market price. His crop of 2,000 bushels, after sorting, left 1,600 bushels of prime seed, which he now delivers. The price, 60 cents, is 25 cents above the market price. Fox feels he can well afford to raise corn by contract and buy all he needs to feed at these figures. He credits Production. (See Plate 36, item dd.) Refer to 158.

Plate 37 November 1901 Cash Cr									
ca	15	74	Feed	Corn 500 bu @ 30¢				150	00
cb	23	72	Expense	Husker Shredder 2000 bu Corn @ 2½¢				50	00
cc	30	80	Labor	Sam Pettit 10 days @ 12½¢ John Betts 10 days @ 12½¢				25	00
*cd	30		Balance					2964	46
ce								3189	46

NOVEMBER 30

He pays John Betts and Sam Pettit each \$12.50 for ten days' labor, and balances his cash—\$2964.46 on hand.

Refer to Plate 37, item cc and cd for above, and look up 183.

Dr.					TRIAL BALANCE, NOVEMBER, 1901					Cr.	
	CB	Cash	\$ 2964	46		Plate	61	J. Fox	\$10159	81	
Plate	62	Clovermead	9600	00		"	65	Bills Payable	2000	00	
"	70	Expense	312	27		"	69	Production	1951	42	
"	72	Feed	304	71		"	83	Interest	4	20	
"	74	Implements	754	00							
"	78	Ed Wise	49	00							
"	80	Labor	83	25							
"	84	Taxes	32	64							
"	86	C., H. & D. Ry.	16	10							
			\$14115	43					\$14115	43	

The Trial Balance is given to show how it varies from month to month. Compare it with those that precede and follow it.

<i>Dr December 1901 Cash Plate 40</i>				
da	1		<i>Balance</i>	<i>2964.46</i>
db	5	69	<i>Production Hogs 3 ar 240 lbs @ \$5.00</i> <i>Ed Wise On acct</i>	<i>2460</i>
dc	8	69	<i>Production Hogs 3 ar 232 lbs @ \$5.50</i> <i>For personal use</i>	<i>3828</i>
dd	23	89	<i>First Natl Bank CK #1</i>	<i>5000</i>
de	23	89	<i>First Natl Bank CK 2</i>	<i>1000</i>
df				<i>3102.34</i>

TRANSACTIONS FOR DECEMBER, 1901

DECEMBER 1

Cash on hand \$2964.46.

DECEMBER 5

Ed Wise wants 3 Hogs to butcher, same to be charged to his account. Weight averages 240 lbs., at \$5.50.

91. This entry is similar to that of October 25th. Wise is charged with the amount (Plate 41, item ca) and Production credited. (Plate 40, item db.) Refer to Examples 88 and 179.

DECEMBER 8

He butchers 3 Hogs himself. Average weight 232 lbs., at \$5.50.

92. Credited to Production (Plate 40, item dc) and debited to J. Fox (Plate 41, item cb) for the same reason as given under Transaction of October 25th. Refer to 110.

DECEMBER 10

He has some shoeing done, \$4.75.

Expense. (Plate 41, item cc.) Refer to 163.

Plate 41 December 1901 Cash				Cr	
ca	5	78	Ed Wise 3 Hogs On acct		39 60
cb	8	60	J Fox 3 Hogs On acct		38 28
cc	10	70	Expense Shoeing		4 75
cd	15	60	J Fox Wife 50 00		97 00
			Self 47 00		
ce	18	72	Feed Oats 200 bu @ 30¢		60 00
cf	18	70	Expense Sundries & Renewals to		8 72
			Breeders Gazette 2 00 Natl		
			Stockman 1 00 Ohio Farmer		
			60¢ Farm Journal 40¢		
			Rural New Yorker 1 00 Practical		
			Farmer 60¢ American		
			Sheep Breeder 1 00 Money		
			Orders for same 12¢ and		
			Stamps 2 00		
cg	20	88	First Natl Bank Deposit 4		2750 00
ch	23	78	Ed Wise CK #1		50 00
ci	23	60	J Fox CK #2		10 00
*cj	31		Balance		43 99
ck					3102 34

DECEMBER 15

He gives his wife \$50.00 and takes \$47.00 himself for personal use.

93. Charged to his personal account (Plate 41, item cd.) Refer to 110.

DECEMBER 18.

He buys 200 bushels of Oats, paying 30 cents. Renews his subscriptions to the Breeders' Gazette (\$2.00), National Stockman (\$1.00), Ohio Farmer (60c), Farm Journal (40c), Rural New Yorker (\$1.00), Practical Farmer (60c), and the American Sheep Breeder (\$1.00), making a total of \$6.60. He pays 12 cents for money-orders, and for postage stamps \$2.00.

94. Oats charged to the Feed account (Plate 41, item ce). Subscriptions to farm papers he charges to Expense (Plate 41, item cf). The money-orders and stamps are also Expense, therefore, he includes it in the same entry. Refer to 161 and 168.

DECEMBER 20

He begins to think he ought to have a bank account. Doesn't like the idea of having so much money in the house, therefore, he opens an account with the First National of his County Seat by depositing \$2,750.00.

95. Fox charges or debits the bank for the money he deposits today (Plate

41, item cg) and will open an account with the Bank in the Ledger. It is true that many take exception to keeping the bank account in the Ledger, and some accountants characterize it as "old fogysm," but the conditions which govern farm accounting are different than those of commerce. The farmer will find it a great source of satisfaction to have it there—ready to refer to at any time. Further, when the bank returns him his cancelled checks, he can compare those cancelled with those given out and tell at a glance if any have not been presented for payment. But more than all, a farm Ledger should show, for various reasons, every business transaction of the farmstead for the year. It's more than likely the owner himself will keep the books—or rather book, and if death should suddenly ensue, the Ledger ought to be kept so as to furnish a guide to those of his family who take up the management of the farmstead and continue it along prosperous lines. Refer to 212.

DECEMBER 23

He gives Ed Wise check for \$50.00, and also writes another for \$10.00 for personal use.

96. He debits Wise for check (Plate 41, item ch) and as this is the first check he has given out, he numbers it No. 1. He has now debited Wise, but as he is going to open an account with the Bank in his Ledger he must also credit the Bank for this check No. 1, which he does in Entry dd, Plate 40. In posting this entry dd to the Bank account (Refer to Plate 89, item dd) he writes in the explanation column Ck. No. 1, so that when comparing the cancelled checks returned by the Bank about the first of the month he can check over the account and see just what checks have been presented for payment. On the stub of his check book he also writes the number so that he can number each check as he makes it without having to refer to the Ledger account to find the number of the last check.

He also charges himself for Check No. 2, which he makes for personal use (Plate 41, item ci) and credits the Bank (Plate 40, item de for the same.) Refer to 110 and 178.

DECEMBER 31

Cash balance shows \$43.99.

Dr.

TRIAL BALANCE, DECEMBER, 1901

Cr.

	CB	Cash	\$ 43	99		Plate	61	J. Fox	\$10014	53
Plate	62	Clovermead	9600	00		"	65	Bills Payable	2000	00
"	70	Expense	325	74		"	69	Production	2029	30
"	72	Feed	364	71		"	82	Interest	4	20
"	74	Implements	754	00						
"	78	Wise	138	60						
"	80	Labor	83	25						
"	84	Taxes	32	64						
"	86	C., H. & D. Ry.	15	10						
"	88	First Nat. Bk.	2690	00						
			\$14048	03					\$14048	03

<i>Dr January, 1902 Cash Plate 44</i>					
da	1		Balance		43.99
db	2	89	First Nat Bank	CK #3	620.00
			For Note and Int	500.00	
			on Mtge due today	120.00	
dc	12	89	First Nat Bank	CK #4	30.00
dd	22	87	CH & D RR	Check	15.10
de	30	89	First Nat Bank	CK #5	32.64
df					741.73

TRANSACTIONS FOR JANUARY, 1902

JANUARY 1

Cash on hand \$43.99.

Plate 44, item da.

JANUARY 2

He pays his note of \$500.00 due today, and interest on mortgage held by his bank.

97. First—Debit Bills Payable. (Plate 45, item ca.) Refer to 137.

Second—Debit Interest for amount paid on mortgage. (Plate 45, item cb.)

Refer to 187.

Third—Credit the Bank for check No. 3, covering the note due today and interest on mortgage. (Plate 44, item db.) Refer to 213.

JANUARY 12

He draws \$30.00 from the bank for expenses and attends the annual meeting of the State Board of Agriculture.

Two Entries. Plate 45, item cc, and Plate 44, item dc. Refer to 110 and 213.

JANUARY 22

The C., H. & D. sends him check of \$15.10 for his claim made in June, 1901, for Seed Corn lost in transit.

The C., H. & D. finally pay him for shipment lost the April previous, and he had opened an account with them, he now credits them. (Plate 44, item dd.) This is equivalent to "Accounts with persons to whom we sell "Produce." See 197.

JANUARY 30

He pays his December, 1901 Taxes, \$32.64, by check, and deposits the check for \$15.10 received from the C., H. & D. to his credit in the Bank.

98. Taxes debited to Taxes and Insurance (Plate 45, item ed). Refer to 194. The C., H. & D. check he deposits in the Bank to be credited to his account, therefore, he debits the Bank (Plate 45, item ce) for the amount of the check, \$15.10. Refer to 212.

JANUARY 31

He balances his cash—\$43.99 on hand.

Plate 45 January 1902 Cash Cr

ca	2	64	Bills Payable Note 1/2 hr	CK*3		50000	
cb	7	82	Interest On above	" "		12000	
cc	12	60	John Fox	CK*4		3000	
cd	30	84	Insur. & Insurance Ac Taxes	CK*5		3264	
ce	30	88	First Nat Bank	Deposit ck		1510	
*cf	31		Balance			4399	
cg						74173	

Dr.

TRIAL BALANCE, JANUARY, 1902.

Cr.

	CB	Cash	\$	43	99	Plate	61	J. Fox	\$	9984	53
Plate	62	Clovermead		9600	00	"	65	Bills Payable		1500	00
"	70	Expense		325	74	"	69	Production		2029	30
"	72	Feed		364	71						
"	74	Implements		754	00						
"	78	Wise		138	60						
"	80	Labor		83	25						
"	82	Interest		115	80						
"	84	Taxes		62	28						
"	88	First Nat. Bk.		2022	46						
				\$13513	83					\$13513	83

Dr February 1902 Cash Plate 48					
da	1		Balance		43.99
db	2	fg	First Nat Bank	CK#6	10.00
dc	7	fg	Do	" 7	15.00
dd	7	fg	Do	" 8	45.00
de	10	fg	Do	" 9	29.25
df	15	65	Bills Payable, For Min Farm		3300.00
			40 acs @ \$2.50, Mortgage to		
			First Nat Bank for 60 years		
			at 5% Bank to accept		
			payment for all or any part		
			of principal on any		
			interest due, after five years		
dg	27	89	First Nat Bank	CK#10	25.00
dh					3468.24

TRANSACTIONS FOR FEBRUARY, 1902

FEBRUARY 1

Cash on hand \$43.99.

FEBRUARY 2

He gives Ed Wise check for \$10.00. He has the shoes sharpened and reset on Jack and Jim, for which he pays \$1.40 in cash.

First—Wise charged with check (Plate 49, item ca). See 178.

Second—Bank credited for this check (Plate 48, item db). Refer to 213.

Third—Shoeing is Expense and paid in cash (Plate 48, item cb). Refer to 163.

FEBRUARY 7

He buys a Bob Sled, \$15.00, also buys a ton each of Bran, \$21.00, and Middlings, \$24.00, giving check for same. The Bank gives him his cancelled checks for January.

99. First—Bob Sled charged to Implements (Plate 49, item cc). Refer to 173.

Second—Bran and Middlings charged to Feed (Plate 49, item cd). See 168.

Third—Bank is credited for both checks No. 7 and No. 8—given in payment for the Bob Sled and the Feed (Plate 48, items dc and dd). See 213.

About Cancelled Checks, see remarks after Plates 88 and 89.

Plate 49 February 1902 Cash

ca	2	78	Ed Wise On acct	CK#6		10 00
cb	2	70	Expense Shoeing	Cy		1 40
cc	7	74	Implements Bobbed	CK#7		15 00
cd	7	72	Feed Bran 1 ton 21 ⁰⁰	" 8		45 00
			Middling 1 ton 24 ⁰⁰			
ce	10	70	Expense Clover Seed 4 1/2 bu @ 6 ⁵⁰	CK#9		29 25
cf	15	62	Clovermead Winn Farm 40 acres			330 00
			adjoining @ 82 ⁵⁰			
cg	27	70	Expense 2000 Tile 4 inch @ 12 ⁵⁰	CK#10		25 00
ch	28		Balance			42 59
ci						3468 24

FEBRUARY 10

4½ bushels Clover Seed costs \$6.50 a bushel.

100. First—Expense (Plate 49, item ce). Refer to 162.

Second—Credit the Bank for amount of check (Plate 48, item da). See 213.

FEBRUARY 15

He has long wanted the 40 acres originally a part of Clovermead Farm, and buys it for \$82.50 an acre. The First National Bank loans him the money at 5% on ten years' time, agreeing to accept payment of the whole or any part of principal on any interest day after five years. He secures the bank by mortgage.

101. Charge Clovermead Farm with the amount of the mortgage given to the Bank (Plate 49, item cf). Refer to 117 and 119.

Second—Credit Bills Payable for the mortgage (Plate 48, item df). See 139.

FEBRUARY 27

He pays for 2,000 four-inch tile at \$12.50 a thousand. Check No. 10.

102. First—Expense (Plate 49, item cg). See 161 and 162.

Second—Credit Bank for check No. 10 (Plate 48, item dg). Refer to 213.

FEBRUARY 28

Cash balance amounts to \$42.59.

Dr.		TRIAL BALANCE, FEBRUARY, 1902.						Cr.	
	CB	Cash	\$ 42	59	Plate	61	J. Fox	\$ 99	84 53
Plate	62	Clovermead	129	00	"	65	Bills Payable	48	00
"	70	Expense	38	1 39	"	69	Production	20	20 30
"	72	Feed	40	9 71					
"	74	Implements	76	9 00					
"	78	E. Wise	14	8 60					
"	80	Labor	8	3 25					
"	82	Interest	11	5 80					
"	84	Taxes	6	5 28					
"	88	First Nat. Bk.	18	9 21					
			\$168	13 83				\$168	13 83

Transactions for March, 1902

Dr March 1902 Cash Plate 52

da	1		Balance			42.59	
db	2	89	First Natl Bank	CK #11		20.00	
dc	9	89	Do	" 12		4.50	
dd	20	89	Do	" 13		27.00	
de	31	79	Ed Wise Wages 11 mos @ 25 ⁰⁰			275.00	
df	31	61	J Fox Allowance for year's services			600.00	
dg						969.09	

TRANSACTIONS FOR MARCH, 1902

MARCH 1

Cash on hand \$42.59. The Bank sends him his cancelled checks for February.

MARCH 2

He gives Ed Wise check for \$20.00.

First—Charge or debit Wise (Plate 53, item ca). See 178.

Second—Credit the Bank for the check (Plate 52, item db). See 213.

MARCH 9

He buys a pair of rubber boots for himself, \$4.50, and gives check for same.

First—Debit or charge Fox for the amount of check (Plate 53, item cb). See 110.

Second—Credit Bank (Plate 52, item dc). See 213.

MARCH 20

1,000 feet of Lumber cost \$27.00, and he gives check for it.

103. First—Expense is debited (Plate 53, item cc). See 162.

Second—Bank credited (Plate 52, item dd). Refer to 213.

MARCH 31

104. It is the last day of the year, and, wishing to close the Ledger, he gives Ed Wise credit for eleven months' labor, as per contract, at \$300.00 a year, and also credits himself with what he thinks is a fair valuation for his services (\$600.00) for the year. He also takes an inventory and balances his cash for the month. Cash on hand, \$42.59.

105. If we have a man hired by the year, we open an account with him, and charge him for the money we pay him from time to time. Then, at the end of the year we credit him with his wages for the year, and charge it to labor.

Fox, wishing to close his books, now credits Wise for the 11 months wages

Plate 53 March 1902 Cash Cr

ca	2	78	Ed Wise	Dr acct	CK #11			20	00
cb	9	60	J Fox	Rubber Boots	" 12			4	50
cc	20	70	Expense	1000 ft Lumber	" 13			27	00
cd	31	80	Labor	Ed Wise 11 mos wages	275 ⁰⁰			87	50
				J Fox Overyear	600 ⁰⁰				
*ce	31		Balance					42	59
cf								\$	969 09

(Plate 52, item de) and also credits himself for what he thinks the farmstead should pay him (Plate 52, item df). The amount credited to Wise (\$275.00) and himself (\$600.00) should now be debited to Labor, and this he does (Plate 53, item cd). Refer to 180 and 114, also, 184.

Dr.				TRIAL BALANCE, MARCH, 1902.				Cr.	
	CB	Cash	\$ 42 59		Plate 61	J. Fox	\$10580	03	
Plate	62	Clovermead	12900 00		" 65	Bills Payable	4800	00	
"	70	Expense	408 39		" 69	Production	2029	30	
"	72	Feed	409 71		" 79	Ed Wise	106	40	
"	74	Implements	769 00						
"	80	Labor	958 25						
"	82	Interest	115 80						
"	84	Taxes	65 28						
"	88	First Nat. Bk.	1846 71						
			\$17515 73				\$17515	73	

105½. The Cash Book now posted for the year, the Trial Balance is as given above. The books are in balance, and his cash on hand is \$42.59, which will be the first entry on his cash account for April, when he begins his new Ledger for the coming year. For further instructions on what to do at the end of the year, refer to the Chapter on "The End of the Year," which immediately follows the Ledger accounts.

Part Six

THE LEDGER

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Dr		John Fox	Plate 60	
1901				
Aug	15	Coal	25	57 50
Sept	10	Wife Cy	29	20 00
Oct	25	Potatoes	33	9 00
Dec	8	Hogs	41	38 28
"	15	Wife Cy 50° Self Cy 47°	41	97 00
"	23	Self CK	41	10 00
1902				
Jan	12	Self CK	45	30 00
Mar	19	" "	53	45 00
"	31	To Balance		12703 60
			\$	12969 88

THE PROPRIETOR'S ACCOUNT

106. This account represents the owner's interest in the farm. It shows the amount of his investment in the beginning, the additional investments he makes and what he withdraws. It also shows at the time of closing how much he has gained or lost and his net capital or net insolvency.

107. This is true whether there be but one proprietor or several, but when two or more persons unite in conducting a business it is called a partnership. In cases of partnership, an account is opened with each of the partners, and each of them credited for what he puts into the business and debited for what he withdraws.

108. Usually, if one proprietor, or several, two accounts are opened with each. One showing the investment and the other (private account) showing what he draws for personal use and his salary, if any. But for ordinary farm purposes two accounts are not necessary. In this set the proprietor's account includes his personal account as well, and at the end of the year, he is credited with the salary to which he thinks he is entitled and the net gain. If a partnership, each partner's account would be kept in the same manner—the division of the net gain or net loss divided pro-rata or as agreed upon when the agreement or partnership was entered into. This account is debited and credited as follows:

Refer to Plates 61 and 62 and you will see that the net gain of Fox is \$2,123.57, which we credit to him, and then, to balance the account we write in red ink on the debit side the difference between the sides, i. e., \$12,703.60 and the words "To Balance." We then rule the closing lines and bring down on the credit side in black ink the date and the amount, \$12,703.60—which is his "Present Worth" at this time.

<i>Dr</i>		<i>Clovermeas Farm</i>	<i>Plate 62</i>
1901			
<i>Apr</i>	<i>1</i>	<i>Farmstead Inventory</i>	<i>9 9600.00</i>
1902			
<i>Feb</i>	<i>15</i>	<i>Winn 40 Adjoining Clovermeas</i>	<i>49 3300.00</i>
			<i>12900.00</i>
1902			
<i>Apr</i>	<i>1</i>	<i>To Balance</i>	<i>12900.00</i>

THE FARMSTEAD

117. This account is in some respects equivalent to the capital stock account of a corporation. The proprietor's account represents the owner's interest in the business, and this, the business itself. The principal difference is, that this account continues to stand untouched from year to year unless we add more acreage to the farm or sell from it a part. Therefore, the farmstead account should be debited and credited as follows:

DEBIT	CREDIT
118. At the beginning for what it costs us.	120. For what we sell from it.
119. For all additional land which we buy to include in its acreage.	

REAL ESTATE.

121. Perhaps you may own other farms beside the one you work, or it may be property in town. You rent them, and wanting to know what they pay you, on the investment, you open an account with each. In such cases it is best to enter them by name, such as "Beechwood Farm" or the "Brown Property." Debit and credit as follows:

DEBIT	CREDIT
122. When books are opened for value.	126. For all rentals.
123. For all improvement.	127. For the amount it brings if you sell it.
124. For all taxes.	
125. For all insurance.	

AT THE END OF THE YEAR.

In case the debit side exceeds the credit it will be a loss, and in that case the entries are similar to those closing any account showing a loss as explained under the various accounts in the illustration.

129. "The rule of law is, and for centuries has been, that whosoever owns land, owns all there is above it and all there is below it. Naturally then, when buying or selling farms, all buildings, and everything fairly belonging to them, go with the farm. In general, whatever the owner of the farm fastens to the ground or to a building is a fixture, and he sells it when he sells the farm."—Parson's Laws of Business.

But if your farm is unimproved and a new house, barn, fences and tiling is needed or anticipated, an account should be opened for "Building and Improvements" and all money paid for such item should be charged to it. Then, at the end of the year, when the books are closed, this account should be credited "By Inventory" for the sum total of the debit side of the account, less a certain percentage, say ten, which should be charged to the "Loss and Gain" account each year for depreciation. By doing this the first cost of building and improvements, which, of course, will constantly depreciate, is distributed equally for a period of years.

If Fox, in the illustration given herein, had had a "Building and Improvements" account, the proper entry for the Stock Scales he bought July 22d (Plate

21, item cb) would have been to charge them to that account instead of "Expense," but as his farm is improved, it is better in such cases to call items a loss at once than to open an account on purpose for them. However, this is a matter of opinion, and the disposition of such items must be decided by the owner of the farm.

When you have a "Building and Improvements" account you should debit and credit as follows:

DEBIT	CREDIT
<p>130. For the value of the buildings and improvements as shown by the inventory.</p> <p>131. For the cost of any buildings or improvements we may build or put in during the year.</p> <p>132. For all repairs we have made on buildings.</p>	<p>133. At the end of the year "By Inventory" for the sum total of the debit side less a certain percentage, say ten, for annual depreciation.</p> <p>134. By Loss and Gain for the difference between the sides. (See below.)</p>

AT THE END OF THE YEAR.

135. To close this account: After having decided what per cent. of depreciation you are going to charge annually for "wear and tear," or having estimated their present value, write on the credit side in red ink "By Inventory" and the amount.

Now find the difference between the sides, and the amount the debit exceeds the credit side will be a loss which enter on the credit side in red ink "By Loss and Gain" and the amount of difference which will make the account balance.

Rule the closing lines and enter the totals between them in black ink.

Next, write on the debit side below the closing lines, in black ink, "To Inventory" and bring down the amount credited when the account was closed.

Now, carry the amount lost over to the "Loss and Gain" account, writing on the debit side of that account in black ink "To Building and Improvements" for the amount lost.

Plate 65 *Bills Payable* *Cr*

1901									
Apr	1	First Ntl Bank	Mortgage	8	2000	00			
1902									
Feb	15	First Ntl Bank	Mortgage	48	3300	00			
1902									
Apr	1	By Balance			4800	00			

141. WHEN YOU PAY YOUR NOTES SECURED BY MORTGAGE.—

The notes Fox has given to the First National Bank are secured by mortgage. When paying notes thus secured, as he did January 2nd (See Plate 64), he doesn't destroy them when paid, but keeps them until all are taken up, for it is absolutely necessary they be kept until the mortgage is discharged.

142. TIME OR SIGHT DRAFTS.—These are, technically speaking, "Bills Payable, and you will not, under ordinary circumstances, have much to do with drafts, but if a draft should be made on you for one, three or five days sight, and you accept it—when paid charge the person making it as it is a cash transaction. For instance: If you write Clay Robinson & Co. to send you a car load of "feeders" or "stockers," charge the amount of their draft on you to your Production or Live Stock account, writing in the explanation column of your Cash Book the details of the transaction.

<i>Dr</i>		<i>Bills Receivable</i>	<i>Plate 66</i>	
<i>1901</i>				
<i>Apr</i>	<i>1</i>	<i>W. Wood Note due 7/1/01 Int 6%</i>	<i>9</i>	<i>7000</i>

BILLS RECEIVABLE

143. If you loan money or sell any of your farm products, taking a note for the amount, it is receivable by you, and consequently must be debited to Bills Receivable. You take notes for two reasons: In case of legal proceedings you do not have to prove the account, or if needing money you can have them discounted at your bank. In the beginning:

DEBIT	CREDIT
<p>144. For all notes you have on hand payable to you.</p> <p>145. For all notes you get from others made or accepted in your favor.</p> <p>146. For all notes made payable to others and transferred by them to you.</p>	<p>147. When any of the notes you hold are paid.</p> <p>148. For all notes you have discounted or sell.</p> <p>149. For all notes you endorse over to other parties.</p>

AT THE END OF THE YEAR.

150. This account, like Bills Payable, is never closed in actual business unless it balances or it is necessary to forward to a new page. On the farm it is advisable to open a new Ledger each year, therefore, the account is closed at the end of the year as follows:

Find the difference between the sides and write on the credit side "By Balance" for this difference, which will make it balance. Then rule the closing lines and enter the total amounts between them. Next write on the debit side beneath the closing lines in black ink "To Balance" for the amount of the difference which should exactly agree with the amount of notes you have on hand. In transferring this balance to a new page or a new Ledger it must always be entered on the same side—the debit.

151. If the maker of a note cannot pay it in full when due, but makes a part payment, credit "Bills Receivable" for what he pays and endorse on the back the note the amount received.

152. If he wants to renew it, simply debit "Bills Receivable" for the new note you get and credit "Bills Receivable" for the old note you surrender to him.

<i>Plate</i>		<i>Production</i>	<i>CR</i>			
1901						
Apr	1	First Corn	8	15	00	
"	9	" "	8	12	00	
June	2	Wool Last Shipt	16	15	10	
"	8	Wool	16	116	16	
"	24	Hogs	16	248	40	
Aug	30	Wheat	24	640	00	
Oct	15	Hogs	32	249	38	
"	25	Potatoes	32	67	50	
"	25	"	32	18	00	
Nov	15	Lambs	36	630	63	
"	20	Hogs	36	392	70	
"	29	Corn	36	960	00	
Dec	5	Hogs	40	39	60	
"	8	"	40	38	28	
1902						
Mar	31	By Inventory		2014	20	
				5456	95	

two sides showing the sales of the farmstead for the year. Then this difference carried to the Loss and Gain account is opposite the items showing the expenses of operating the farm and the difference between them shows the net results of the gain or loss of the farmstead's management for the year. This is the practical side of farm accounting, therefore, we debit and credit the Production account as follows:

DEBIT	CREDIT
<p>156. In the beginning for all grain, hay and live-stock of every kind we have on hand at the market price of each.</p> <p>157. For all live-stock we buy during the year.</p>	<p>158. For everything sold we raise on the farm.</p> <p>159. For all live-stock sold either grown or bought to feed and fatten.</p>

AT THE END OF THE YEAR.

160. To close this account: We write on the credit side, in red ink, the amount of all stock and produce we have on hand as shown by the inventory.

Then find the difference between the two sides, and the amount the credit side exceeds the debit will be the gain or amount of sales for the year. Next write on the debit side, in red ink, "To Loss and Gain" for amount gained or difference between the sides which makes the account balance. Now, rule the closing lines and enter the total amounts between them, after which write on the debit side below the closing lines, the date, "To Inventory" and the amount of the inventory all in black ink. (See Plates 68 and 69 as an example.)

After closing the account as above, the amount gained (in the example given \$4,043.50) is carried to the credit side of the Loss and Gain account (See Plate 91) writing on the credit side of that account, in black ink, "By Production" and the amount gained.

<i>Dr</i>		<i>Expense</i>	<i>Plate 70</i>	
1901				
May	2	Seed Potatoes	13	16 10
"	5	Stationary	13	6 25
"	25	Stallion Service	13	40 00
June	2	Draft	17	10
"	8	Sundries	17	3 60
July	20	Advertising	21	11 36
"	22	Scales	21	65 00
Aug	23	Threshing	25	24 00
"	28	Nails	25	2 70
Sept	5	Fertilizer	29	45 00
"	7	Seed Wheat	29	37 60
"	18	Freight	29	2 56
"	20	Timothy Seed	29	8 00
Nov	23	Husker & Shredder	37	50 00
Dec	10	Shoeing	41	4 75
"	18	Sundries	41	8 72
1902				
Feb	2	Shoeing	49	1 40
"	10	Clover Seed	49	29 25
"	27	File	49	25 00
Mar	20	Lumber	53	27 00
				408 39

EXPENSE.

161. No business can be conducted without some expense, and in keeping the farmstead up to the highest plane of its earning capacity there are numerous items which must be charged to this account during the year. As a general rule all items are a loss which go into general improvement or that cannot be inventoried at the end of the year, and should be charged to this account, therefore, we debit and credit it as follows:

Gain" and the amount to make the account balance. Now, rule the closing lines and enter the amount in black ink between them. Next, write on the debit side of the Loss and Gain account "To Expense" for the amount of loss. For an example refer to Plate 70 and 71 and look up the Loss and Gain account (Plates 90 and 91).

<i>Dr</i>		<i>Feed</i>	<i>Plate 72</i>	
1901				
Apr	1	Inventory	9	25 86
May	3	Middlings & Hull	13	47 50
July	28	Oats	21	32 00
Aug	28	Linseed Meal	25	1 35
Sept	8	Middlings	29	48 00
Nov	15	Corn	37	150 00
Dec	18	Oats	41	60 00
1902				
Feb	7	Middlings & Bran	49	45 00
			18	409 71
1902				
Apr	1	To Inventory		74 10

FEED

166. This could be included in the Expense account, but as most stockmen and farmers will want to know how much they pay out for feed it is best that an account be opened with it.

DEBIT	CREDIT
<p>167. For all feed on hand at the commencement as shown by the inventory.</p> <p>168. For all that we buy during the year.</p>	<p>169. For any feed we sell which had been previously charged to this account.</p>

<i>Dr</i>		<i>Implements</i>	<i>Plate 74</i>	
<i>1901</i>				
<i>Apr 1</i>	<i>1</i>	<i>Inventory</i>	<i>9</i>	<i>739 00</i>
<i>May 10</i>		<i>Chgo Sheep Shearing Machine</i>	<i>13</i>	<i>15 00</i>
<i>1902</i>				
<i>Feb 7</i>	<i>7</i>	<i>Bob Shed</i>	<i>49</i>	<i>15 00</i>
				<i>769 00</i>
<i>1902</i>				
<i>Apr 1</i>	<i>1</i>	<i>To Inventory</i>		<i>732 46</i>

IMPLEMENTS

171. Implements on the farm are the same as the tools and appliances of the manufacturer. They are a visible asset and their worth depends greatly on the care taken of them. It is customary among manufacturers to deduct from their inventory of machinery a certain per cent. for "wear and tear." This, of course, depends on its condition, and also whether it is of a style and pattern not superceded by one later and much more desirable. But the per cent. deducted for depreciation must be decided by the farmer himself. No hard and fast rules can be laid down for that. This account is debited and credited as follows:

DEBIT	CREDIT
<p>172. For the amount on hand as shown by the inventory at the beginning of business.</p> <p>173. For all we buy during the year.</p>	<p>174. For all that we sell.</p> <p>175. For amount on hand as shown by inventory at the end of the year.</p>

<i>Dr</i>		<i>Ed Wise</i>	<i>Plate 78</i>	
1901				
June	28	Cy	17	2000
Aug	3	"	25	1000
Oct	3	"	33	1000
"	25	Potatoes	33	900
Dec	5	Hogs	41	3960
"	23	CK	41	5000
1902				
Feb	2	CK	49	1000
Mar	2	CK	52	2000
"	31	To Balance		10640
				27500

FARM HELP

177. It isn't necessary to open an account with the different men employed on the farm by the day. That should be charged to the Labor Account. But if we hire a man or men by the year then a separate account should be opened for each and all money paid to them from time to time charged direct to them, and the wages allowed each credited to them at the end of the year. The example of the Wise account (Plates 78 and 79) show how an account should be kept when we hire a man by the year. Accounts of this nature are debited and credited as follows:

DEBIT	CREDIT
<p>178. For the amounts we pay him from time to time.</p> <p>179. For all farm products taken in lieu of cash on account during the year.</p>	<p>180. At the end of the year for amount of wages agreed on.</p>

<i>Dr</i>		<i>Labor</i>	<i>Plate 80</i>	
1901				
Apr 25	Wise		9	1500
June 22	Pettis & Dye		17	1200
Sept 28	Pettis		29	1250
Oct 30	"		33	1875
Nov 30	Pettis & Pettis		37	2500
1902				
Mar 31	Sundry		53	87500
				95825

LABOR

182. As previously explained under the account preceding this (Farm Help) we open an account for each man employed on the farm by the year, and also a Labor account to which we charge all sundry help hired from time to time.

DEBIT	CREDIT
<p>183. For all wages paid sundry help from time to time during the year.</p> <p>184. At the end of the year for the wages we agree to pay the men whom we hire by the year and with whom we have opened separate accounts. (See Wise, Plate 79. Fox, Plate 61, and Cash Book for March, 1902, Plates 52 and 53, items de, df and cd.</p>	

[illegible]

INTEREST

186. If we have interest to pay or hold notes which draw interest we must open an account with it. Then it will show us at the end of the year what we are paying for the use of money borrowed or what our loans are paying us.

DEBIT	CREDIT
<p>187. For any interest we pay.</p> <p>188. For any discount the bank deducts from the face of notes we have discounted.</p>	<p>189. For any interest we receive on notes we hold.</p>

<i>Plate 83</i>		<i>Interest</i>	<i>Cr</i>	
1901				
July	15	Wood	20	4 20
1902				
Mar	31	By Loss & Gain	90	115 80
				120 00

AT THE END OF THE YEAR

190. To close this account we find the difference between the two sides. If the credit side is larger, we write in red ink on the debit side "To Loss and Gain," which is gain on interest. If the debit side be the larger, we write, in red ink on the credit side "By Loss and Gain," which is loss on interest. This makes the account balance. Now, rule the closing lines and enter, if there be a loss, on the debit side of the Loss and Gain account the amount lost, or if there be a gain, on the credit side of the Loss and Gain account the amount gained. (See Plates 82, 83 and 90.)

191. DISCOUNT—As discount is simply another name for interest it is useless to open a separate account for it, but call interest and discount the same and debit or credit both to the Interest account.

192. ENTRY TO MAKE OF NOTES YOU HAVE DISCOUNTED—Sometimes when in need of money we have a note discounted at the bank. If you do this, don't forget to credit "Bills Receivable" for the full face of the note and debit Interest for the discount deducted by the bank. Then, if this amount has been placed to your credit in the bank, debit the bank for the amount you receive or the proceeds of the note.

<i>Dr</i>		<i>Taxes & Insurance</i>	<i>Plate 54</i>	
1901				
June 21		Taxes June	17	3264
1902				
Jan 30		Taxes December	45	3264
				6528

TAXES AND INSURANCE

193. It is a matter of gratification to know what our Taxes and Insurance amount to for the year. All we pay out for either should be charged to this account.

DEBIT	CREDIT
194. For all we pay for Insurance or Taxes.	

AT THE END OF THE YEAR

195. To close, write in red ink, on the credit side the date, "By Loss and Gain" and the amount necessary to make the account balance. Then rule the closing lines and enter between them in black ink the totals of each side. (See Plates 85 and 85.) Then carry the amount to the Loss and Gain account, entering it on the debit side of that account as shown. (Plate 90.)

<i>Plate 85</i>		<i>Taxes & Insurance</i>		<i>Cr</i>	
<i>1902</i>					
<i>Mar 31</i>	<i>By Loss & Gain</i>		<i>90</i>	<i>6528</i>	
				<i>6528</i>	

196. INSURANCE—Every farmer and stockman is vitally interested in Insurance that really insures. And very fortunate it is, too, that there is insurance, in such form as to keep him in direct touch with it, and his interests mutual with his fellows. Of late, it is almost an impossibility to insure farm property in some states in good Stock Companies, but the Farmers' Mutual Companies are really safer and much more desirable in every respect; then, too, the cost is less. Of the 109 Mutual Companies writing insurance in Ohio in 1899, twenty-five of them made no assessments and eight had no losses! The average saving of the Mutuals in comparison with the Stock Companies has averaged 33 cents on every \$1.00 of insurance written on the three year term plan. This is a consideration worth taking advantage of, for "it's the little leaks in business that eats up the profits," and it's the little things on the farm that tend to increase them. No really good business man neglects to insure, and no farmer can afford to carry the risk of fire himself. Every intelligent farmer understands this and should encourage his county organization.

<i>Dr</i>		<i>C. H. & D. R. R.</i>		<i>Plate 86</i>	
<i>1901</i>					
<i>June</i>	<i>✓</i>	<i>Loas Apl 10 Shipment</i>		<i>17</i>	<i>15 10</i>

ACCOUNTS WITH PERSONS TO WHOM WE SELL PRODUCE

197. The farmer usually sells his products for cash, but when anything is sold on time, an account should be opened with the person sold. Then all products sold him must be charged to him, and all payments made by him credited to him. This account against the C., H. & D. R. R. is equivalent to a personal account, and we have charged the R. R. Co. for the amount of seed corn lost while in their hands, and have given them credit for their check when it was paid. Accounts of this nature are treated as follows:

DEBIT	CREDIT
<p>198. For the amount they owe us when we open our books.</p> <p>199. For all we sell them on account.</p>	<p>200. For all cash they pay us on account.</p> <p>201. For any produce they return on account.</p> <p>202. For all notes they give us in settlement of account or to apply on account.</p>

AT THE END OF THE YEAR

203. To close, at the end of the year, or when we want to transfer to a new page, find the difference between the two sides, and if the debit side be the larger, write on the credit side, in red ink, "By Balance" for the amount of the difference. This makes the account balance, after which rule the closing lines and enter between them the totals in black ink carrying the amount necessary to make the account balance, forward to the new page or to the new Ledger, writing on the debit side in black ink the date—"To Balance" and the amount, writing on the old page "To" and on the new page or new Ledger "From" which the amount was transferred.

<i>Plate 87</i>		<i>CHRODR</i>		<i>Cr</i>	
<i>1902</i>					
<i>Jan 22</i>	<i>CR</i>		<i>44</i>	<i>15</i>	<i>10</i>

If the credit side is larger, then the "shoe is on the other foot," and you will write on the debit side in red ink, "To Balance" and amount of difference between the sides which will make the account balance, rule the closing lines, enter the totals and carry forward the amount used to balance to the new page or the new ledger, writing on the credit side of the new account in black ink, the date, "By Balance" and the amount.

When carrying forward an account to a new page or a new Ledger do not forget to write on the old page "To" which and on the new page "From" which the account has been transferred.

ACCOUNTS WITH PERSONS FROM WHOM WE BUY GOODS

204. These are practically the same as the accounts we keep with persons to whom we sell on account, and we debit and credit as follows:

DEBIT	CREDIT
205. For all cash we pay on account.	208. For what we owe them when we open our books.
206. For all goods we return on account.	209. For all we buy from them from time to time.
207. For all notes we give in full or part payment of account.	

AT THE END OF THE YEAR

210. These accounts are balanced and carried forward the same as explained under the head of "Accounts With Persons To Whom We Sell Produce," just preceding this, which see.

Plate 89 First National Bank				Cr			
1901							
Dec	23	CK # 1		40	50	00	
"	23	" 2		40	10	00	
1902							
Jan	2	" 3		44	62	00	
"	12	" 4		44	30	00	
"	20	" 5		44	32	64	
Feb	2	" 6		48	10	00	
"	7	" 7		48	15	00	
"	7	" 8		48	45	00	
"	10	" 9		48	29	25	
"	27	" 10		48	25	00	
Mar	2	" 11		52	20	00	
"	9	" 12		52	45	00	
"	20	" 13		52	27	00	
"	31	By Balance			184	671	
					276	510	

ignore. They are, for you, safe places for the keeping of money, securities and other valuable paper. The payment of your bills, too, is more convenient by check than with currency, and the checks, when returned by the bank, are valuable as receipts. Banks sometimes become insolvent, it is true, but there are safe and conservative banks in every county seat, or perhaps in a town still nearer to you. Select your banker as you would a friend. Be frank with him and never test his generosity by allowing your check to be presented for a larger sum than your balance. If you do this your relations will be pleasant, and if in need of money to move a crop or carry the cattle, sheep and hogs you are feeding to a finish, you can secure it from him at reasonable rates, providing, of course, you have proven yourself to be a man of character and business ability. Then, too, there are many "don'ts" in business, and if you have selected your banker, as you should, he is the man to go to for advice if in doubt about any business transaction.

Assuming that you have a bank account, and that you have left your bank book with them, as you do once a month to have it "written up," when it is returned to you the balance shown by it should agree with the balance shown by the account you keep with the bank in your Ledger or check book unless some of the checks you have given out haven't been presented for payment. When your book is handed to you with the checks presented for payment during the month stamped paid, compare these cancelled checks with those you've made, and you will know just what checks are still out. This is where the importance of numbering each check is found and why it is best to have a bank account in the Ledger intended for farm use.

<i>Dr</i>		<i>Loss & Gain</i>	<i>Plate 90</i>	
<i>1902</i>				
<i>Mar</i>	<i>31</i>	<i>To Expense</i>	<i>71</i>	<i>40839</i>
"	<i>31</i>	" <i>Feed</i>	<i>73</i>	<i>33561</i>
"	<i>31</i>	" <i>Implements</i>	<i>75</i>	<i>3660</i>
"	<i>31</i>	" <i>Labor</i>	<i>81</i>	<i>95825</i>
"	<i>31</i>	" <i>Interest</i>	<i>83</i>	<i>11580</i>
"	<i>31</i>	" <i>Taxes & Insurance</i>	<i>85</i>	<i>6528</i>
"	<i>31</i>	" <i>J. Fox</i>	<i>60</i>	<i>212357</i>
			<i>#</i>	<i>404350</i>

LOSS AND GAIN.

216. This account is kept to show the final summing up of our losses and gains for the year and is debited and credited as follows:

DEBIT	CREDIT
217. At the end of the year for all the accounts upon which we have lost during the year.	218. At the end of the year for all accounts upon which we have gained during the year.

AT THE END OF THE YEAR

219. To close: Find the difference between the two sides. If the credit side be the larger, the amount it exceeds the debit is the net gain for the year. If the debit side is the larger, the amount it exceeds the credit side is the net loss for the year. Referring to the example (Plates 90 and 91), the credit is the larger, so we enter the amount it exceeds the debit side, in red ink, on the debit side, the date, and "To J. Fox," after which rule the closing lines and enter between them, in black ink, the total footings. The amount the credit side exceeds the debit is the net gain of Fox for the year, and after this account is closed, we carry this amount of \$2,123.57 to the credit side of the J. Fox account. Then to find his present worth, proceed as explained under the head of "Proprietor's Account" and illustrated by Plates 60 and 61.

CLOSING THE BOOKS

AT THE END OF THE YEAR.

220. At the end of the year, when your Ledger is in balance, and you want to close it to ascertain what you have made or lost, proceed as follows;

[illegible]

Third—Having carried all accounts upon which losses or gains were made into the Loss and Gain account, we close that account as instructed. (Refer to Loss and Gain Account.)

When the Ledger is closed at the end of the year, there must be no open accounts in it, except those which show a Resource or a Liability, and this is also true when the Ledger is opened.

But before the Ledger can be closed, an inventory must be taken, and the one taken by Fox, March 31, 1902, to illustrate the principles of farm accounting, as shown in the example given herein follows. Note that the totals of the Production, Feed and Implements on hand are credited to each, as shown on Plates 68, 73 and 75. Full instructions follow each account as to what you are to do after the inventory has been taken.

222. INVENTORY OF CLOVERMEAD FARM, MARCH 31, 1902:

PRODUCTION			
Bay Team Jack and Jim....	\$ 160 00	Brought up	\$ 568 00
Bay Mare Queen.....	75 00	One Cahoon Seeder	3 00
Black Mare Bess.....	60 00	One Tedder	22 00
Two Colts at \$15.00.....	30 00	One Corn Sheller	5 00
Chestnut Mare.....	175 00	One Hay Rake	20 00
Two Cows at \$35.00.....	70 00	One Hay and Stock Rack...	12 00
One Calf	5 00	Two Sets Heavy Harness at	
15 Poland China Sows at \$12	180 00	\$36.00	72 00
1 Berkshire Boar.....	35 00	One Set Light Harness.....	20 00
98 Shropshire Ewes at \$5.00.	490 00	Also Axes, Forks, Log	
1 Ram	45 00	Chains, Three Horse Even-	
1 Ram	35 00	ers, Wheelbarrows and	
1 Ram	30 00	other Miscellaneous Tools	
807 bu. Corn at 60c.....	848 20	about the place.....	10 00
40 bu. Potatoes at 50c.....	20 00		
15 tons Clover Hay at \$6.00..	90 00		
30 bu. Seed Corn at \$1.00....	30 00		
	\$2014 20	Less 30% discount for the	
		"wear and tear" of six	
		years' use	219 60
		One Binder	\$ 100 00
		One Corn Harvester.....	100 00
			\$ 200 00
		Less 5% for one year's de-	
		preciation	10 00
			\$ 190 00
		One Chicago Sheep Shearing	
		Machine	15 00
		One Bob Sled	15 00
		Brought down	512 40
		Brought down	190 00
			\$ 732 40
			\$ 512 40
FEED		RECAPITULATION	
120 bu. Oats at 38c.....	\$ 45 60	Production	\$2014 20
½ ton Middlings at \$24.00..	12 00	Feed	74 10
¾ ton Bran at \$21.00.....	15 75	Implements	732 40
½ bbl. Salt at \$1.50.....	75		
	\$ 74 10		\$2820 70
IMPLEMENTS			
One Wagon	\$ 60 00		
One Farmers' Handy Wagon	39 00		
One Surrey	120 00		
One Buggy	30 00		
One Spring Tooth Harrow..	14 00		
One Adjustable Harrow	12 00		
One Roller	19 00		
Two Plows at \$15.00.....	30 00		
One Cultivator	40 00		
One Wedder	12 00		
One Corn Planter	27 00		
One Grain Drill	75 00		
One Mower	40 00		
Amount up.....	\$ 568 00		

THE YEARLY STATEMENT

223. We keep an account with our farmstead, so that we can tell our actual financial condition at least once a year. After the Ledger is closed, to get the facts before us in a nutshell, we make an annual statement. To keep an account for a number of years, and compare the last with those that precede it, is a great aid to successful farming, because it shows us what branch of our

management needs more care and attention. The facts we are able to glean from the statement made up at the end of the year as to our progress, more than pays us for the labor required to keep the Ledger, as it must be kept, to get accurate results. To present these benefits more fully we give the statement as Fox would make it from his Ledger, illustrated in the preceding pages. The statement follows:

ANNUAL STATEMENT OF CLOVERMEAD FARM, MARCH 31, 1902.

RESOURCES				LIABILITIES			
CB	Cash	\$ 42	59	65	Bills Payable	\$ 4800	00
62	Clovermead	12900	00	79	E. Wise	106	40
68	Production	2014	20	61	J Fox Present Worth	12703	60
72	Feed	74	10				
74	Implements	732	40				
88	First Nat'l Bank	1846	71				
		\$17610	00			\$17610	00
LOSSES				GAINS			
90	Expense	\$ 408	39	91	Production	\$ 4043	50
90	Feed	334	61				
90	Implements	36	60				
90	Labor	958	25				
90	Interest	115	80				
90	Taxes and Insurance	65	28				
90	J. Fox, Net Gain	\$ 2123	57				
		\$ 4043	50			\$ 4043	50

RESOURCES AND LIABILITIES

224. Of course, you understand, if you have studied the instructions, there are no open accounts in the Ledger at the end of the year, after the books are closed, except those showing a Resource or a Liability. To make up the annual statement:

(1) Under Resources enter the amount on hand as shown by the Cash Book at the close of the last day of the year. When Fox balanced his cash, March 31st (Plate 53), he had \$42.59 on hand. This is a Resource, and is the first item entered under that head in the statement.

(2) Taking the Ledger (Plate 62), we find "Clovermead" \$12,900.00. This also is a Resource, because anything is a resource of value belonging to us; and by value, we mean cash, or something we could realize the cash for if necessary. And Clovermead Farm, as it is today, would fetch this amount; it's worth that much, hence a resource.

(3) The next open account is Bills Payable (Plate 65). These are notes we owe, and as everything left standing on the credit side of the Ledger is either

a Liability or a Gain, we must decide which of the two it is. This is easy, for we know it isn't a gain, because we owe it; therefore, it's a Liability, and so entered on the statement.

(4) The next account, Production (Plate 68), is a Resource. The inventory taken today (March 31st), at market price for the Stock, Corn, Potatoes and Clover Hay Fox has on hand is \$2,014.20. That is the cash value he could realize on it if sold.

(5) Feed is next (Plate 72). This is also a Resource, for the same reason that the items in the Production account are. Consequently, we enter the amount we have on hand, \$74.10.

(6) Implements follow Feed, and are also a Resource. Inventory shows \$732.40 as their value today, and they, too, are entered.

(7) On Plate 79 we find Wise has \$106.40 due him. A Liability is something we owe. We owe Wise this balance of \$106.40 for wages he left stand during the previous year, so that amount goes under Liabilities.

(8) The next account showing a Resource is the First National Bank. All cash we have, whether on hand or in the bank, is a resource, and the balance Fox has to his credit, \$1,846.71, should be so entered in this statement.

(9) This takes all the open accounts in the Ledger except one—the Proprietor's account—J. Fox. After all the accounts showing the Losses and Gains were closed into the "Loss and Gain" account, and the net gain of Fox credited to his account, his account was balanced and closed, and his Present Worth (Plate 61) of \$12,703.60 is what the business of the Clovermead Farmstead is owing him at this time, therefore, it is a Liability of the business, and by footing both the Resources and Liabilities we find they equal each other.

The books are in balance, and a glance at this simple statement, or the statement taken from any Ledger, at the end of the year, will show the owner of the business what cash he has on hand and in bank, who is owing him, either by Bills Receivable or open account, and the amount of grain, live-stock, implements, feed, or anything else he may have of value belonging to him.

It also shows him what he owes, and to whom; and his actual and absolute net worth. Further, the Losses and Gains taken from the "Loss and Gain" account (Plates 90 and 91) will show him the total General Expense; the amount of cash paid out for Feed; the percentage of depreciation charged to Loss and Gain on his Farm Implements; what amount he paid for Labor; how much his Interest amounted to; and the Taxes and Insurance for the year.

The above are entered under "Losses," because they are non-productive accounts—nothing can be realized on them in cash.

But under "Gains" we have Production, \$4,043.50; and this amount represents everything having a cash value that left the farm during the entire year—the total sales.

Now, \$4,043.50 being the total proceeds of the sales, that amount, less the sum total of the "Losses," will be the net gain of the Proprietor—Fox.

The whole cost of conducting this farm for the year, including general

"Expenses," "Feed," "Labor," "Interest," "Taxes" and "Insurance," and the depreciation of "Implements," was \$1,919.93. By deducting this from the "Gains" (total sales), we have \$2,123.57, or, the net gain of Fox for the year.

The annual statement, then, is the final summing up of the year's business on the farmstead, and is a most valuable guide to every thinking farmer.

225. And now, if we want to know what percentage of net gain Fox made on his investment, add two ciphers to his net gain, as shown by the "Loss and Gain" account, and divide it by the net amount of his investment. This would be 21235700 divided by 1024631, showing a percentage of 20.72.

Part Seven

COST OF PRODUCTION

The value of knowing what it costs to produce the products on your farm, lies wholly in the possibility afforded by its use in comparing your system of farm management with that of others.

APPROXIMATE COSTS

225½. The purpose of this book is to teach a simple and easily kept system of accounts which will be **usable** on the farm—one that is possible on all farms, and one which may be easily modified to suit your individual needs and the needs of your crop rotation.

Agriculture is a complex proposition. The different crops, live stock, and maintenance of fertility are peculiarly inter-dependent. Costs should be ascertained with due consideration of the **farmstead as a whole**.

But with conditions as they are now and must be in actual farming, an elaborate system of cost accounts isn't possible. So let us consider, then, something practical as to the cost of production and its relation to your conditions.

The farmstead, and by farmstead we mean the land, buildings, and implements, or equipment, are equivalent to the "plant" of the manufacturer. Therefore you will clearly see that the first cost or amount invested in the farmstead, forms the first element of productive costs.

For, as already stated, good farming is a complex proposition. Although, broadly speaking, agricultural science is simply the joining together of soil and seed, yet in reality, you, if truly successful, must have a wider knowledge than is required for success in any other business.

Hence it is that you plan a crop rotation which will increase the fertility of the land—either adapting your crops to your live-stock, or your live-stock to your crops, as will best suit the market you are striving for. The **fertility** of your farm must be **increased** if any money is made, for there is no profit in average farming.

What we wish to impress is this fact; that your farmstead with its complement of live-stock and its proper handling is so **closely related**, that all ordinary cost systems would fail.

But as the cost of production is useful in comparing different systems of farm management, how can you keep your books to determine it?

In the following pages is presented a method by which this may be done without needless detail.

The **principal** factor in finding the result of your management is the **cost per acre** for the year, and this you can get from your ledger in this manner.

TO OBTAIN THE APPROXIMATE COST PER ACRE OF GROWING DIFFERENT CROPS

The amount invested in land, buildings, implements and live-stock form the first element of cost

If you figure the interest at current rate in your locality on the sum total of these as shown by your inventory on the first of the year, and add the amount of interest on investment to the total sums paid out as shown by your

accounts with Expenses, Taxes, Insurance and Labor for the year, plus the amount charged for depreciation on Implements and Buildings, you will have the total amount of General Expenses of your farm for the year. This, divided by the number of acres in your farm, will give you the approximate cost per acre for the year.

TO FIND THE APPROXIMATE COST PER BUSHEL OR TON OF ANY CROP

To find the cost per bushel or ton of any crop, multiply the cost per acre by the number of acres used to grow it, and divide the result by the yield in bushels, or tons, the quotient will be the approximate cost of raising the crop per bushel or ton.

TO LEARN WHAT IT COSTS TO GROW, MAINTAIN AND FATTEN LIVE-STOCK

If, to your inventory of hay and grain, you add the amount paid out for feed, as shown by the Feed account for the year, and also the amounts harvested of hay and grain that you grow to feed during the year, and subtract from this total the amount of the inventory of these crops that you have on hand when inventory is taken and books closed at the end of the year; the remainder will be approximately what you have fed to stock during the year.

Then take the amount of General Expense and deduct from it the cost of growing the acres you have used in growing your crops. The remainder added to the amount fed to stock and this sum pro-rated according to the amount you have invested in different kinds of live-stock, will give you the approximate cost of growing and fattening your live-stock for the year.

These amounts, aside from the General Expense of maintaining your farm, are only approximate, but they can be gotten from the Ledger and are valuable for reference in comparing your system of farm management with those of others. More than this isn't practical, and as the data required can be taken from the Ledger in a few minutes when books are closed, no detail is necessary.

By using a page of your Ledger each year and writing the results under a general head, which may be termed Approximate Costs, you will have a record of your productive costs which may be referred to with much benefit.

Part Eight

NUBS OF NOTES

On Business Paper, Interest
Tables, Rules Useful When Taking the Farm
Inventory, Etc. Etc.

BUSINESS PAPER

226. If you receive a check or draft made payable to the order of the party sending it to you, and he has not endorsed it, it is worthless as far as you are concerned. Return it to the sender for endorsement.

227. Should you have endorsed it before noticing the sender's failure to endorse, erase your name by drawing lines through it with a pen.

228. If you discount notes at your bank, which have endorsers, do not waive protest, as the security may be released.

229. When buying drafts always have them made payable to your own order, and then endorse them over to the person you wish to pay.

230. All checks should be made payable "To Order." They cannot then be transferred without endorsement, and constitute in themselves the best receipt you can hold for money paid. This is one of the many reasons why you should have a bank account.

231. Nowadays all checks are printed to read "Pay to the order of." If you want currency, simply write "Cash" after "Pay to order of." This is, in effect, the same as making it payable to bearer.

232. If a discrepancy exists between the amount as written in the body of the check, draft or note, and amount in figures in the margin, the former is held to be the intended amount.

233. No particular form is necessary for a note, but it must contain an order to pay or promise to pay.

234. The cancelled note you receive should never be destroyed—tear the signature through the middle and destroy the torn off piece. It isn't of any value then to anybody but yourself, and there may come a time when you will need it as a voucher.

235. INDORSING CHECKS—If you wish to make a draft or check payable to another, write on the back, about three inches from the upper, or left-hand end, "Pay to order of," and the name of the party to whom you wish to send or give it, and then your own signature, just as it appears on the face.

236. Never fill out a check except from your own check book, if you can possibly avoid it.

237. Number and date each check properly, and make a corresponding entry on the stub of your check book.

238. Always make a check payable to the order of the person to whom it is given. If in doubt ask him if he is acquainted at the bank, and if he is not, have him endorse the check in your presence and write your own name under his. This saves him the trouble of having to get someone to identify him,

239. Write the amount in the body of the check distinctly, beginning at the extreme left of the line used for that purpose. This prevents a subsequent holder from inserting a word or two before the amount and thus "raising" it.

240. Never date a check ahead or give a check for more than your bank balance, expecting to have enough in the bank by the time it is presented to meet it.

241. To write a check for fractional parts of a dollar, as, for instance, 60 cents, write *Sixty Cents*, and draw your pen through the printed word *Dollars*.

242. Never give a check with the condition that it is not to be used until a certain time—that is dated ahead.

243. When depositing a check write on the back "For Deposit" over your signature.

244. Never make deposits without your bank book.

245. STOPPING PAYMENT ON CHECKS—If you desire to stop the payment of a check that you have given, notify your bank at once—lose no time—and give the bank full particulars. You cannot stop payment of a check that has been "Certified."

246. NOTES ENDORSED OVER TO YOU—If you receive a note made payable to another and endorsed over to you, be careful to notice whether any payments have been endorsed on it—a note is only worth its face less the payments made on it.

247. FORMS OF BUSINESS PAPER—The forms of paper used in the ordinary course of business follow. The general farmer doesn't have a great variety of business paper to handle, yet the following may be useful for reference:

248. RECEIPT TO APPLY ON ACCOUNT—

\$200.75	Hudson, Ohio, July 12, 1900.
Received of.....W. H. Brown.....	
Two Hundred & 75-100.....Dollars,	
to apply on account.	
W. I. CHAMBERLAIN.	

249. RECEIPT IN FULL ON ACCOUNT—

\$36.20	Chicago, Ill., March 3, 1901,
Recived of.....John Johnson.....	
Thirty-Six 20-100.....Dollars	
in full of account to date.	
SANDERS PUBLISHING CO.	

250. RECEIPT FOR PAYMENT ON NOTE—

\$100.00 Standish, Mich., Jan. 9, 1901.
 Received of.....E. H. Mohr.....
 One HundredDollars,
 as a partial payment on his note under date Oct. 13, 1899,
 for Five Hundred Dollars, payable to me.
 JOHN LIVINGSTON.

251. DUE BILL—

\$12.00 Columbus Grove, Ohio, June 8, 1900.
 Due.....Ed Wise.....
 TwelveDollars,
 on demand.
 JOHN FOX.

252. ORDINARY PROMISSORY NOTE—

\$500.00 Newark, Ohio, May 16, 1901.
 Sixty days after date, I promise to pay Frederick Weise
 or order.....Five Hundred.....Dollars,
 value received, with interest. Payable at First National
 Bank.
 JOHN FOX.

253. JOINT NOTE—

\$200.00 Osborn, Ohio, August 10, 1900.
 Ninety days after date, we promise to pay John M.
 Jamison or order.....Two Hundred.....Dollars,
 value received, with interest, at First National Bank.
 HENRY BERGH,
 EDWARD TAYLOR.

254. BANK NOTE—

\$300.00 Lima, Ohio, April 10, 1900.
 Ninety days after date I promise to pay W. E.
 Harding, cashier, or order.....Three Hundred.....Dollars,
 value received, with interest. Payable at Farmers' Na-
 tional Bank.
 JACOB ASH.
 Endorsed on back by Frederick Williams, A. H. Wells.

TO MEASURE CORN

255. ON COB—Two heaping bushels of corn on the cob will make one struck bushel of shelled corn. Some claim that one and one-half bushels of ear will make one bushel of shelled corn. Much will depend upon the kind of corn, shape of the ear, size of the cob, etc.

256. IN CRIB—To measure corn in a crib, multiply the length of the crib in inches by the width in inches, and that by the height of the corn in the crib in inches, and divide the product by 2,748, and the quotient will be the number of heaped bushels of ears. If the crib flares at the sides, measure the width at the top and also at the bottom, add the two sums together, and divide by 2, which will make the mean width.

257. CORN SHRINKAGE—Corn will shrink from the time it is husked in the autumn, in well-protected cribs, from 20 to 30 per cent. by spring. That is, 100 bushels will shrink to 70 or 80, according to how dry it was when cribbed.

GRAIN IN BINS

258. TO MEASURE GRAIN IN BINS—Multiply the length of the bin in inches by the width in inches, and that by the height in inches, and divide by 2,150 for struck bushels, and by 2,748 for heaped bushels. The quotient will be the number of bushels contained in the bin.

259. To find the amount of grain in a bin—take four-fifths of the number of cubic feet.

260. Agricultural reports estimate that new wheat shrinks 6 per cent. in six months. Hence, 94 cents in August is equal to \$1.00 in February.

MEASUREMENT OF HAY

261. The only exact method of measuring hay is to weigh it, but the rules given below will be found sufficiently exact when taking the inventory.

262. TO FIND THE NUMBER OF TONS OF MEADOW HAY IN WINDROWS—Multiply together the length, breadth and height, in yards, and divide the product by 25. The quotient will be the number of tons in the windrow.

263. TO FIND THE NUMBER OF TONS OF HAY IN A MOW—Multiply together the length, height and width in yards, and divide by 15 if the hay be well packed. If the mow be shallow, and the hay recently placed therein, divide by 18, and by any number from 15 to 18, according as the hay is well packed.

264. TO FIND THE NUMBER OF TONS OF HAY IN SQUARE OR LONG STACKS—Multiply the length of the base in yards by half the width in yards, and that by half the height in yards, and divide by 15.

265. TO FIND THE NUMBER OF TONS OF HAY IN A LOAD—Multiply together the length, width and height, in yards, and divide the product by 20.

266. TO MEASURE HAY IN STACK—The area of the base multiplied by the perpendicular height to eaves, plus one-third the perpendicular height from eaves to crest, will give the number of cubic feet in a stack, the sides of which are perpendicular to a greater or less height. If the stack slopes uniformly from base to crest, then multiply the area of the base by one-third of the perpendicular height. To find the area of the base, divide the distance around it by 3.1416, take one-half of the result and square it, then multiply by 3.1416. The number of cubic feet necessary for a ton of good, well-settled hay is about 450.

267. ANOTHER METHOD—Measure the stack for length, width and the "over." To get the "over," throw a tape-line over the stack at an average place from ground to ground, drawing it tightly. Multiply the width by the "over," and divide the result by 4; multiply the result of the division by the length for approximate cubical contents of the stack. To reduce to tons for hay that has stood in stack for less than twenty days, divide cubical contents by 512; for more than twenty days and less than sixty days, divide cubical contents by 422; for more than sixty days, divide by 380.

268. TO FIND THE VALUE OF PRODUCTS SOLD BY THE TON AT A GIVEN PRICE—To ascertain the value of a given number of pounds of hay, straw or other commodity sold at a given price per ton, multiply the number of pounds by one-half the price per ton, and point off three figures from the right. The result will be the price of the article.

MEASUREMENT OF WOOD

269. A cord of wood contains 128 cubic feet. To ascertain how many cords there are in a pile of wood, multiply the length by the height, and that by the width and divide the product by 128.

270. SIX PER CENT. INTEREST TABLE—

Time.	\$1	\$2	\$3	\$4	\$5	\$6	\$10	\$20	\$50	\$100	\$1000
Days	1	0	0	0	0	0	0	0	1	2	17
"	2	0	0	0	0	0	0	1	2	3	38
"	3	0	0	0	0	0	1	1	3	5	50
"	4	0	0	0	0	0	1	1	3	7	67
"	5	0	0	0	0	1	1	2	4	8	83
"	6	0	0	0	0	1	1	2	5	10	1 00
"	7	0	0	0	0	1	1	2	6	12	1 17
"	8	0	0	0	1	1	1	3	7	13	1 33
"	9	0	0	0	1	1	1	2	3	8	1 50
"	10	0	0	1	1	1	2	3	8	17	1 67
"	15	0	1	1	1	2	3	5	13	25	2 50
"	20	0	1	1	1	2	2	3	7	17	3 33
"	25	0	1	1	2	2	4	8	21	42	4 17
"	30	1	1	2	2	3	5	10	25	50	5 00
"	33	1	1	2	2	3	6	11	28	55	5 50
"	63	1	2	3	4	5	11	21	53	1 05	10 50
"	93	2	3	5	6	8	9	16	31	78	1 55
Months	1	1	1	2	2	3	5	10	25	50	5 00
"	2	1	2	3	4	5	6	10	20	50	1 00
"	3	2	3	5	6	8	9	15	30	75	1 50
"	4	2	4	6	8	10	12	20	40	1 00	2 00
"	5	3	5	8	10	13	15	25	50	1 25	2 50
"	6	3	6	9	12	15	18	30	60	1 50	3 00
"	7	4	7	11	14	18	21	35	70	1 75	3 50
"	8	4	8	12	18	20	24	40	80	2 00	4 00
"	9	5	9	14	18	23	27	45	90	2 25	4 50
"	10	5	10	15	20	25	30	50	1 00	2 50	5 00
"	11	6	11	17	22	28	33	55	1 10	2 75	5 50
"	12	6	12	18	24	30	36	60	1 20	3 00	6 00

271. INTEREST TABLE—

Th following will be found convenient in the absence of extended interest tables:

To find the interest on a given sum, for any number of days, at any rate of interest.

At 5 per cent., multiply the principal by the number of days and divide by 72

At 6 per cent., multiply the principal by the number of days and divide by 60

At 7 per cent., multiply the principal by the number of days and divide by 52

At 8 per cent., multiply the principal by the number of days and divide by 45

At 10 per cent., multiply the principal by the number of days and divide by 36

At 12 per cent., multiply the principal by the number of days and divide by 30

GESTATION TABLE

272. A table showing the period of gestation, or when colts, calves, lambs and pigs may be expected, the date of service being known.

Time of Service	Mares 340 Days	Cows 283 Days	Ewes 150 Days	Sows 112 Days
January 1	December ... 6	October10	May30	April 22
" 2	"11	"15	June 4	" 27
"11	"16	"20	" 9	May 2
"16	"21	"25	"14	" 7
"21	"26	"30	"19	"12
"26	"31	November ... 4	"24	"17
"31	January ... 5	" 9	"29	"22
February ... 5	"10	"14	July 4	"27
"10	"15	"19	" 9	June 1
"15	"20	"24	"14	" 6
"20	"25	"29	"19	"11
"25	"30	December ... 4	"24	"16
March 2	February ... 4	" 9	"29	"21
" 7	" 9	"14	August ... 3	"26
"12	"14	"19	" 8	July 1
"17	"19	"24	"13	" 6
"22	"24	"29	"18	"11
"27	March 1	January 3	"23	"16
April 1	" 6	" 8	"28	"21
" 6	"11	"13	September . 2	"26
"11	"16	"18	" 7	"31
"16	"21	"23	"12	August 5
"21	"26	"28	"17	"10
"26	"31	February ... 2	"22	"15
May 1	April 5	" 7	"27	"20
" 6	"10	"12	October ... 2	"25
"11	"15	"17	" 7	"30
"16	"20	"22	"12	September . 4
"21	"25	"27	"17	" 9
"26	"30	March 4	"22	"14
"31	May 5	" 9	"27	"19
June 5	"10	"14	November . 1	"24
"10	"15	"19	" 6	"29
"15	"20	"24	"11	October 4
"20	"25	"29	"16	" 9
"25	"30	April 3	"21	"14
"30	June 4	" 8	"26	"19
July 5	" 9	"13	December . 1	"24
"10	"14	"18	" 6	"29
"15	"19	"23	"11	November . 3
"20	"24	"28	"16	" 8
"25	"29	May 3	"21	"13
"30	July 9	" 8	"26	"18
August 4	"14	"13	"31	"23
" 9	"19	"18	January ... 5	"28
"14	"24	"23	"10	December ... 3
"19	"29	"28	"15	" 8
"24	August ... 3	June 2	"20	"13
"29	" 8	" 7	"25	"18
September . 3	"13	"12	"30	"23
" 8	"18	"17	February . 4	"28
"13	"23	"22	" 9	January 2
"18	"28	"27	"14	" 7
"23	September . 2	July 2	"19	"12
"28	" 7	" 7	"24	"17
October 3	"12	"12	March 1	"22
" 8	"17	"17	" 6	"27
"13	"22	"22	"11	February ... 1
"18	"27	"27	"16	" 6
"23	October ... 2	August ... 1	"21	"11
"28	" 7	" 6	"26	"16
November . 2	"12	"11	"31	"21
" 7	"17	"16	" 4	"26
"12	"22	"21	April 5	" 3
"17	"27	"26	"10	" 8
"22	November . 1	"31	"15	"13
"27	" 6	September . 5	"20	"18
December . 2	"11	"10	"25	"23
" 7	"16	"15	"30	"28
"12	"21	"20	May 5	April 2
"17	"26	"25	"10	" 7
"22	December . 1	"30	"15	"12
"27	" 5	October ... 5	"20	"17
"31		" 9	"25	"21
			"29	

The first column gives date of service. On the same line, under the different columns headed Mares, Cows, etc., is given the date the progeny may be expected from such service.

273. WEIGHTS AND MEASURES—

Avoirdupois or Commercial Weight

16 drams	= 1 ounce
16 ounces	= 1 pound
25 pounds	= 1 quarter
4 quarters or 100 pounds	= 1 hundredweight
20 hundredweight or 2000 lbs.	= 1 ton

Troy or Jewelers' Weight

24 grains	= 1 pennyweight
20 pennyweights	= 1 ounce
12 ounces	= 1 pound

Apothecaries' Weight

20 grains	= 1 scruple
3 scruples	= 1 dram
8 drams	= 1 ounce
12 ounces	= 1 pound

Dry Measure

2 pints	= 1 quart
8 quarts	= 1 peck
4 pecks	= 1 bushel
8 bushels (480 pounds)	= 1 quarter
36 bushels	= 1 chaldron

Liquid Measure

4 gills	= 1 pint
2 pints	= 1 quart
4 quarts	= 1 gallon
31½ gallons	= 1 barrel
2 barrels, or 63 gallons	= 1 hogshead

Apothecaries' Fluid Measure

60 minims	= 1 fluid dram
8 fluid drams	= 1 fluid ounce
16 fluid ounces	= 1 pint
8 pints	= 1 gallon

Line or Linear Measure

12 inches	= 1 foot
3 feet	= 1 yard
5½ yards or 16½ feet	= 1 rod or pole
40 rods	= 1 furlong
8 furlongs	= 1 mile (statute mile)
3 miles	= 1 league

Surveyors' or Chain Measure

7.92 inches	= 1 link
25 links	= 1 rod or pole
4 rods or 66 feet	= 1 chain
80 chains	= 1 mile

Square or Surface Measure

144 square inches	= 1 square foot
9 square feet	= 1 square yard
30¼ square yards	= 1 square rod or perch
160 square rods	= 1 acre
640 acres	= 1 square mile or section

Surveyors' Square Measure

625 square links	= 1 square rod or pole
16 poles	= 1 square chain
10 square chains	= 1 acre
640 acres	= 1 square mile or section
36 square miles (6 miles square)	= 1 township

Solid or Cubic Measure

1728 cubic inches	= 1 cubic foot
27 cubic feet	= 1 cubic yard
16 cubic feet	= 1 cord foot
8 cord feet or 128 cubic feet	= 1 cord of wood
24¾ cubic feet	= 1 perch

